

The Nation's Business

USEFUL LOOK AHEAD

AUGUST 1962

THESE ISSUES WILL DECIDE FALL ELECTIONS

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Where welfare system is headed **PAGE 38**

Are you working too hard? **PAGE 80**

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New budget would help free spenders **PAGE 64**

The mark of the printer of St. Albans, England, first used in 1483, belongs to another age. But the things it stood for—pride of craftsmanship, striving for excellence, and technical mastery—are the guiding principles at IBM today. This dedication enables us to bring you the IBM Executive Electric, a typewriter that distinguishes your correspondence . . . that creates impressions beyond words.



This man sells efficiency to
all kinds of businesses!



He's Harry L. Smith,
Bell Telephone
Communications Consultant

Case in point:
General Coal Company,
Philadelphia

A year ago, Harry Smith made a thorough study of this company's business operation—particularly its communications.

He found that the switchboard was often overloaded because all outgoing calls had to go through it. The firm's 65 Philadelphia employees had outgrown their intercom system. When working late, management had limited night lines and could not make interoffice calls.

Harry recommended newer, more flexible Bell System services—and got approval to go ahead.

A new dial intercom system was installed so employees could dial all internal and local calls *direct*. The switchboard attendant could then give priority attention to incoming calls. Push-button phones with line-flashing features were added to end "desk hopping." Hands-free Speakerphones gave management new freedom of movement during calls. After-hours service was expanded.

Vice-President W. A. Gallagher says: "The new system has helped us in many ways. Most important, it saves us *time*—enables our whole staff to work faster and more efficiently."

Could better communications benefit *your* business? There's a Communications Consultant near you who can help you find out. To reach him, just call your Bell Telephone Business Office.



Harry Smith observes Louise Haselton at the firm's switchboard. The new dial intercom system frees her from routing interoffice and outgoing local calls—speeds over-all service.



Flexible features of General Coal's new inter-office communications system are reviewed by Harry with Edgar Swain, Jr. (left), and Office Manager George F. Miller, Jr.



Speakerphones permit hands-free calling and let management hold office conferences by telephone. Here, Harry discusses the service with Vice-President W. A. Gallagher.



BELL TELEPHONE SYSTEM

Nation's Business

August 1962 Vol. 50 No. 8

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Washington, D.C.

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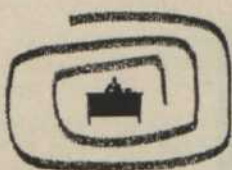
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Public is confused by unexpected violation of America's traditional sportsmanship in economic and political events

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COAST-TO-COAST SERVICE—FALS can draw upon 6600 Ford dealerships for quick parts and service. Mechanics are trained in factory-approved techniques to help keep your fleet in proper condition.

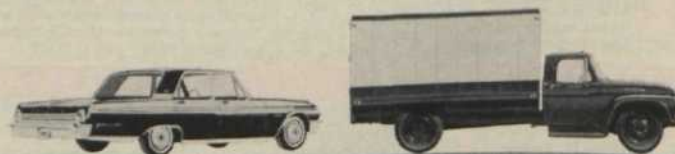


NO WORKING CAPITAL TIE-UP—FALS owns your fleet, so your funds are released for other investment. Today, FALS has 96,000 vehicles in operation—which means close to \$250,000,000 more liquidity for its clients.

JAN	FEB	MAR
SMTWTFS	SMTWTFS	SMTWTFS
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The man who gave the music store a crew cut

Music stores used to be places visited mainly by "long-hair" musicians; not many other people ever ventured inside.

But today, thank goodness, music stores are no longer stuffy—they're lively places for having fun.

One man who helped bring about this big change is your Hammond Organ dealer.

And a great source of satisfaction to him is all the people he's taught to play the Hammond. Frankly, this takes some doing. For many people feel that learning to play is a long, tedious, expensive process.

The truth is, your Hammond dealer can teach you to play in just 30 days ... in just six lessons. Total cost: \$25 ... or not as much as a couple of dinners out with the family. (And if you decide you haven't learned to play, you'll get your \$25 back.)

This is our new *Guaranteed PlayTime Plan*.^{*} You'll have an organ at home to play and practice with ... and you'll be taking your six lessons at your dealer's pleasant quarters.

You'll feel completely at ease there: the teachers are experts ... and the Hammond Organ itself is *designed* to make music easy for beginners.

If you haven't already met your Hammond dealer, why not give him a ring right now. The sooner you get started making your own music, the livelier and more relaxed your evenings will be. The new sound of music is you at the Hammond.

^{*}At most Hammond dealers.

Hammond is a growth company. In the next 12 months we will award a limited number of new dealer franchises. If you have an interest in such an opportunity, write to: Vice President for Marketing, Hammond Organ Company, 4200 West Diversey Avenue, Chicago 39, Illinois.

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WASHINGTON BUSINESS OUTLOOK

New upward pressures are building on interest rates.

Could mean stiffening of borrowing costs in coming months.

For one thing, U. S. Treasury will need to re-finance billions. That's money government will have to borrow again because previous borrowings are coming due.

This amounts to refinancing \$1.8 billion to \$2 billion every Thursday morning, come rain or shine, plus exchanges of other issues.

Treasury also expects to borrow an estimated \$10 billion new money.

In addition, a large volume of state and local financing is coming up.

What this means to you as a businessman is that government will be your competitor for funds.

Corporations also are turning to borrowing rather than trying to raise funds through new stock issues while security prices are depressed.

This adds up to a probable stiffening of interest costs for business borrowing rather than the easing that had been expected.

Mortgage money is abundant. Personal savings are high. Average interest costs on these funds are not expected to change much before winter.

Get set for the rumble of campaign thunder across the land.

Politicians are warming up now for what all on Capitol Hill expect to be a very hot election season.

At stake is party control of the House of Representatives.

Republicans need 44 seats to win, expect to take around 50.

Democrats dispute this view, say they'll widen their lead.

In the Senate Republicans need 15 seats to win control. This is unlikely. Too many up for election are in Democratic states.

Deciding issues will center around government's role in business growth.

For campaign preview turn to page 68.

Vacations cut into production.

More than five million American workers will be vacationing this month.

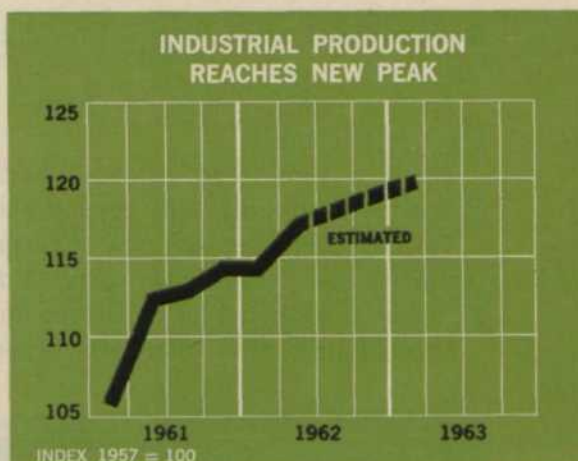
That many people away from regular jobs will reduce industrial output.

But no major interruption in output trend is indicated.

Index of output will move up during the fall months.

Chart shows probable course for industrial production during the next half year.

This is an indication that business will keep rolling along at a good clip.



Watch personal income.

That's your best clue to the next major economic change.

Here's what economic and budget advisers are looking for:

Business profits this year will provide billions more federal tax dollars than last year. Corporate tax bill will be the highest ever. But total collections from profits appear likely to fall short of the Treasury Department's high

estimate when the year began. So the question is:

Will personal income taxes provide enough additional revenue to make Treasury's earlier estimate come true?

Chances are they won't, although personal taxes probably will be somewhat higher than has been anticipated.

If personal income should decline—running against expected trends—watch for the Administration to increase government efforts to boost the national economy.

Administration's economic policy is far more complicated than can be read through a single indicator.

But personal income trends, as much as any, hold the key.

Government spending will be stepped up this month.

Another rise is coming in October, further boost in December.

That's a sure trend, already indicated by planned expenditures, bills coming due.

Tax collections between now and New Year's Day won't cover government costs. A deficit of \$7 billion is indicated for the six-month period.

Expenditures after that are expected to

range between \$7.4 billion and \$8.4 billion a month.

More strike trouble ahead.

That's prospect seen by Washington officials closest to labor problems.

Why?

Competitive squeeze on business highlights need to cut costs while unions concentrate on saving jobs.

This means you can figure on more federal intervention in labor-management negotiations.

Economy's getting a big boost from private spending for construction.

New homes, additions and alterations, new hospitals, office buildings, warehouses and stores, garages, restaurants—all pumping billions into the economy.

Over-all average is running way ahead of this time last year.

These construction trends are indicated:

Americans are building about \$19.5 billion worth of new homes.

Home owners are spending \$5.5 billion for alterations, repairs, additions.

Businessmen are spending more than \$7.8 billion for new commercial and industrial buildings.

Another \$5.5 billion will go for new telephone, telegraph and other utilities.

Americans this year will build nearly \$1 billion worth of new churches.

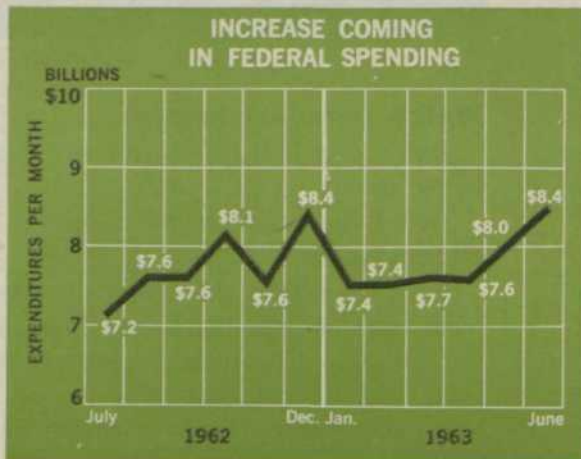
About the same amount will go for private construction of hospitals and other institutional-type buildings.

Nearly \$750 million will go for social and recreational buildings.

Private school buildings will account for some \$620 million.

Public spending for construction?

It's rising, too, but not as much as private spending.



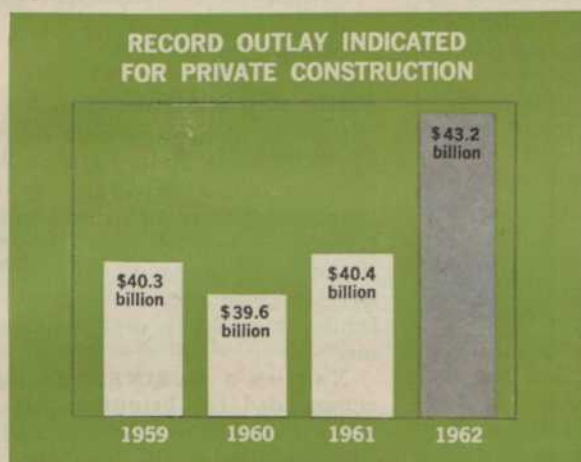
WASHINGTON BUSINESS OUTLOOK

Nation will get nearly \$3 billion worth of new public schools this year.

Almost \$6.4 billion worth of highways are being built.

New sewer and water systems will account for an outlay of \$1.8 billion.

What this means is that there's plenty of economic spark coming from construction this year, giving business a big boost.



Look for a new measure of testing economic temperature to come into broader usage this year.

It's called final consumption.

Top indicator you hear most about now is called gross national product, often GNP for short.

But it has shortcomings.

It tells you the dollar value of all goods and services produced in the U. S.

Better tool for charting national business progress, many economists think, is final consumption. It tells you the dollar value of all goods and services that are sold.

Trouble with GNP is that production equals consumption only in rare cases, then only by chance.

For example, production in '58 trailed consumption by more than \$2 billion. In the following year the nation produced \$6.3 billion more than was consumed.

Such gyrations in production—relative to consumption—can trigger false impressions of what's really happening to business.

This could be happening now.

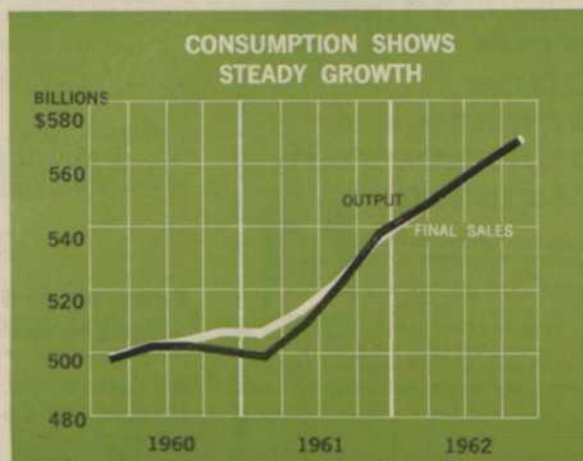
Since early last year production has picked up more vigorously than final sales. Rise in GNP has tended to flatten out in recent weeks. This mean another another recession is just around the corner? Maybe. But final sales don't show it.

Chart shows the difference between GNP and consumption. Indicated by economic projections is a continuation of sound and steady growth.

Congress' Joint Economic Committee is studying these problems.

Rep. Henry S. Reuss, Democrat of Wisconsin, heads a special subcommittee studying business recessions and recoveries. He says analysis strongly suggests "that if some way could be found to stabilize business inventories, periodic recessions could probably be avoided."

That means recessions would be less likely if GNP more closely followed final consumption trends.



how to trim sales costs while selling more in new construction

Ease the profit squeeze by cutting selling costs — while increasing sales volume. If you sell to the new construction market, learn how Dodge marketing techniques can be tailored to help you: 1. concentrate your sales efforts on current prospects; 2. deploy your salesmen most effectively; 3. selectively build volume for greater profits.

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DODGE REPORTS and CONSTRUCTION STATISTICS F. W. DODGE

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Please let me have your booklet: "How to improve Sales Effectiveness in the New Construction Market", showing how I can trim sales costs while selling more in this competitive field with Dodge marketing services.

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Business opinion:

Federal control of all jobs seen as next step

CONGRATULATIONS on "U. S. Employment Service Moves in on Colleges" [June].

The only thing wrong with the article is that you did not go far enough. USES is increasing its newspaper and radio advertisements to attract and to find jobs for those who already have jobs.

I am sure most people have no quarrel with a government agency helping the unemployed or the handicapped find their niche in life but when it starts to take over total employment, which is the trend, it smacks of socialism and eventual loss of freedom for the employer to hire whom he chooses or the person to choose his place of work.

This is a function that can well be handled by a segment of free enterprise, namely private employment agencies, which are now facing severe government competition in the placement of white-collar workers.

I sincerely hope that in the near future I will see an article in your splendid magazine titled "U. S. Employment Service Attempts To Take Over All Employment."

HAROLD B. NELSON
Certified Employment Consultant
Akron, Ohio

We commend you on the publication of this article and making reprints available.

JOHN W. WILLARD
Personnel Consultants
Syracuse, N. Y.

Federal medicine

May we have your permission to reproduce in "Arizona Medicine" the first two paragraphs of "Future Doctors Oppose Federal Medicine" [June]?

DARWIN W. NEUBAUER, M.D.
Arizona Medicine
Tucson, Ariz.

Series rewarding

The universality of management issues extends even to service-

oriented enterprises. In our efforts to keep abreast of critical issues facing future managers your series, "Qualities of Victory," has been most rewarding.

CHARLES C. CLELAND, PH.D.
Superintendent
Abilene State School
Abilene, Texas

Reds and business

I would like to order 25 reprints of "Why Reds Make Friends With Businessmen" [May]. I wonder how many of our informed business friends—even after they have read it—may end up saying, "This might have happened to others, but certainly it couldn't ever happen to me."

NATION'S BUSINESS is to be commended for bringing this and many other provocative articles to the attention of the business community.

O. HENRY HOVERSTEN
Pittsburgh, Pa.

Prescription for quality

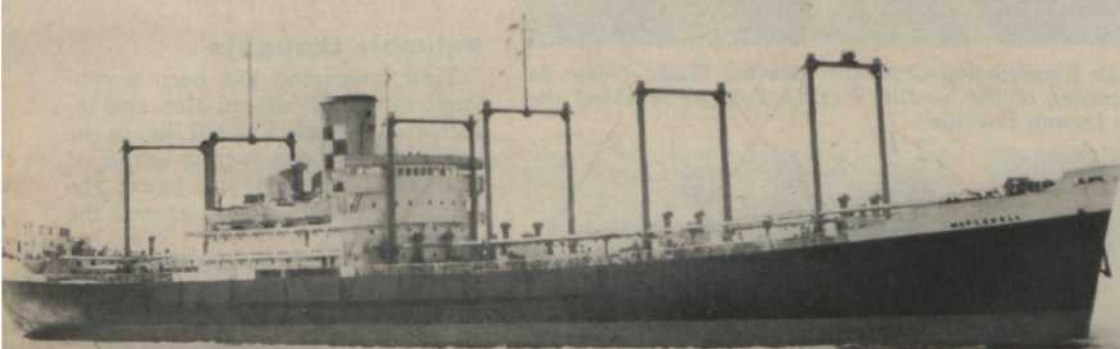
After reading "Executive Trends" [April] I would like to offer some comments on quality.

Organized efforts to control quality have undergone an evolution from inspection through quality control, quality assurance, reliability and product assurance functions. Each of these has in common the responsibility for achievement of predetermined goals through the efforts of others. However, they fail to recognize this is basic management, and therefore do not apply fundamental management concepts and techniques. They have continued to be so enamored of their pet methodology that they apply their control methods ineffectively. The quality philosophy they reflect is simply that quality must be managed, not just controlled.

Management requires that a major objective be established. In companies intending to make a profit,



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Consult your local Canadian Pacific representative today. His experience in coordinating all these services to your best advantage makes it profitable for you to ship Canadian Pacific.

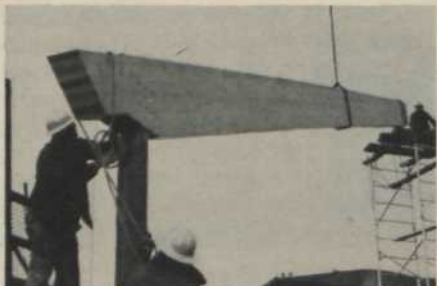
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Trains / Trucks / Ships / Planes / Hotels / Telecommunications WORLD'S MOST COMPLETE TRANSPORTATION SYSTEM

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ROBERT H. BAUGH, Baugh Construction Company, Seattle, Wash. — "Just 34 working days before the opening of the Seattle World's Fair we obtained the building permit to erect the Hawaii Pavilion."



1. "Laminated wood was the only structural material that could meet rush delivery demands. The Rilco roof was going up 7 days after we placed the beam order."



2. "The precision fabricated Rilco beams simplified erection with regular labor and standard equipment. There was no costly cutting and fitting to delay us."



3. "Long, clear-span beams supported the entire roof load without complicated bracing or added columns. This kept labor and material costs to a minimum."



4. "Rilco was a major factor in making the Pavilion ready for opening day. We continually hear glowing comments on the beauty of the laminated wood."

If you are planning a store, warehouse or manufacturing plant, these same Rilco advantages can be put to work for you. There's a Rilco field service engineer in your area who will help you with specific plans. Write today!



WEYERHAEUSER COMPANY

Rilco Engineered Wood Products Division
Box B-593, Tacoma 1, Washington

Please send me information on interesting commercial uses of Rilco laminated wood.

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FIRM _____

ADDRESS _____

CITY _____

ZONE _____

STATE _____

Business opinion:

this is to produce at a level of quality that will provide adequate customer satisfaction within an economic framework compatible with sales price.

The quality targets are individual and specific to the product and must be planned to control those characteristics which are important to the customer. Organization, coordination, method selection follow in the normal process of management activities.

All that is needed is for the "quality" personnel to gain perspective and stop passing the buck.

CHARLES W. LONG
Quality Assurance Manager
United Control Corporation
Seattle, Wash.

Valuable thoughts

Your magazine has been a constant source of information and inspiration for me. I would like to see you put into book form a series of your editorials. At any price, the value in thought would exceed the expenditure.

RAY JUTKINS
Matson Navigation Co.
Los Angeles, Calif.

Plan for success

We would like your permission to reprint "How Top Companies Plan Success" [May]. We feel that this article is noteworthy and plan to circulate it to about 100 of our managers.

FRANCIS N. LAIRD
Administrator
Manager Development
Autonetics
Downey, Calif.

Lag refuted

"Brain Power Race" [April] is a most interesting refutation of the "educational lag" line which the Administration is trying to sell the taxpayers of our country in order to build support for its federal aid to education schemes.

PAUL H. EDWARDS
Fort Worth, Texas

Steps for instructors

Our division plans to train instructors in nine plants.

Included in our program is a plan to give the instructors handbooks summarizing the information in the course.

I would like your permission to quote portions of "Eight Steps to Better Training" [March, 1961].

LEWIS TISHER
Personnel Administration
Department
Owens-Illinois
Toledo, Ohio

Brush it off

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

BRUSH OFF A TELEGRAM? IMPOSSIBLE. NO ONE EVER
IGNORED A TELEGRAM. FOR NABBING A MAN'S ATTENTION
AND INSURING A FAST FOLLOW-THROUGH, THE YELLOW
BLANK CAN'T BE BEAT.

TO BE SURE TO GET ACTION, SEND A TELEGRAM.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

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WESTERN UNION—CREATIVE COMMUNICATIONS: RECORD, FACSIMILE, VOICE/DATA

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GOOD
RIGHT
ARM!

Keep those wage
hour records on a

Lathem
TIME RECORDER



Accurate time records and proof of compliance are mandatory, if you are subject to the Wage Hour Law.

For years, Lathem Time Recorders have been simplifying wage-hour timekeeping for business. Many companies have avoided stiff fines by having time cards to prove compliance.

And, here's another fact, the new revisions in the wage-hour law may mean increases in your salaries and wages. If so, it will be more important than ever to eliminate tardiness with a Lathem Time Recorder.

There is a Lathem to fit your size business—priced to fit your business budget, and capable of paying for itself in a matter of months.

LATHEM TIME RECORDER CO.

74 Third St. NW, Atlanta 8, Ga.

WITHOUT OBLIGATION Send catalogs and prices on Lathem Recorders, together with proper time cards for keeping wage-hour records.

COMPANY _____

CITY _____

STATE _____

SIGNED BY _____

Executive Trends

- Jobs—still a bull market
- Good news coming for presidents
- Managers name their top worries

If you are thinking of hunting a new job soon, you'll find prospects best in two areas—general management and international business.

While demand for executives generally is high, it is greatest in these two categories, according to J. Hardy Jones, vice president of the recruiting firm of Ward Howell Associates, Inc., and new president of the Association of Executive Recruiting Consultants.

Mr. Jones says the stock market decline has had no perceptible effect on executive job openings. He notes, however, that President Kennedy's crackdown on the steel industry "caused a period of indecision in business which hurt recruiting for about a month."

The Berlin crisis in 1961 was similarly depressing to the recruiters' business.

Now, demand again is rising. General management executives—presidents, executive vice presidents—are needed to help steer companies through a period of sharp competition and squeezed profits.

The increasing interest of U. S. firms in the Common Market accounts for the high number of openings in the international field, Mr. Jones says.

• • •

You'll get relief from your paperwork load in the future—if you are the chief executive of your firm, or very near the top.

If you are further down in the ranks, the future may bring little

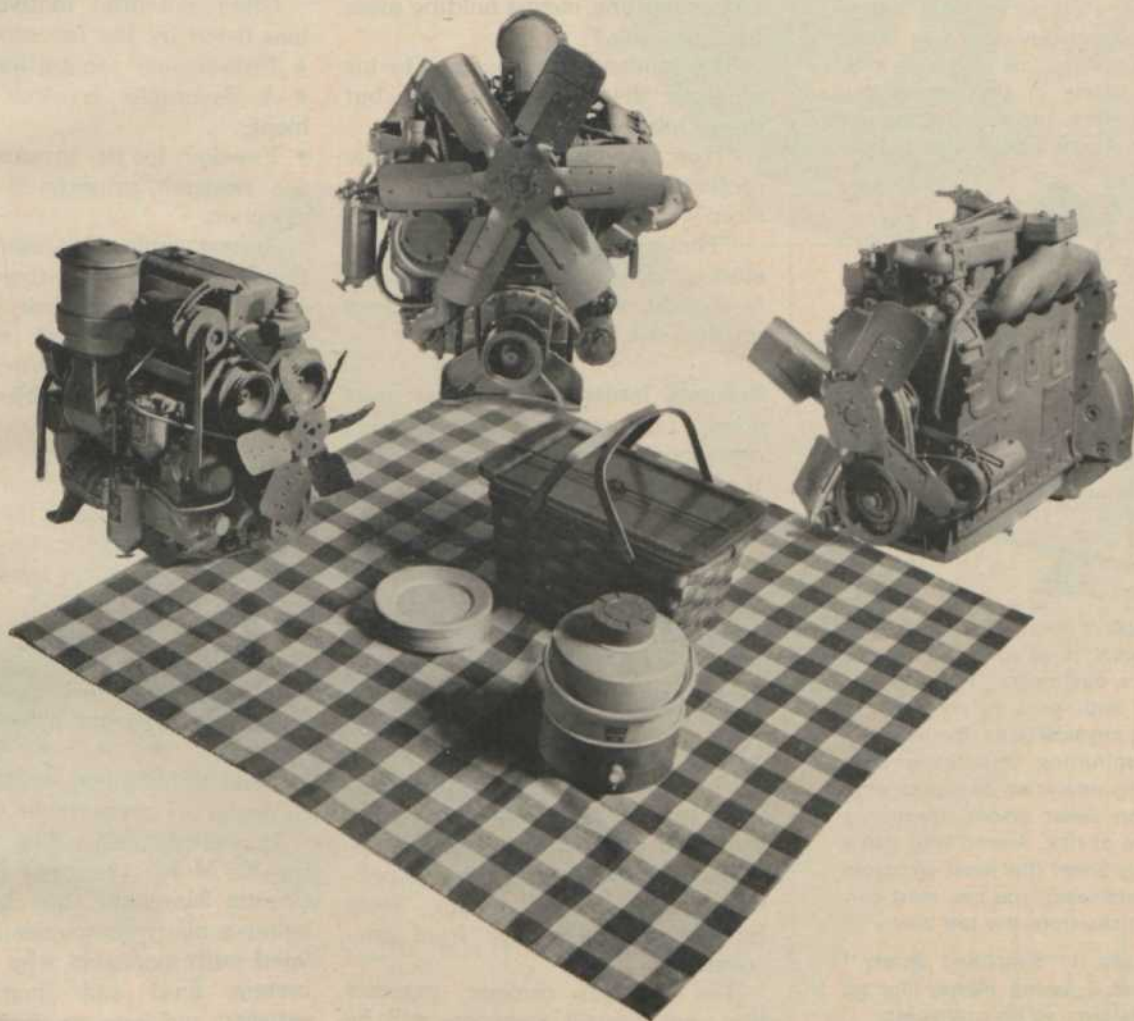
or no relief from internally generated paperwork—and, in fact, probably will produce even greater stacks of paper for you to plow through.

This is the opinion of a records management specialist for one of the nation's largest manufacturing companies.

He says more rapid processing of business information promises to benefit company presidents most. It will drop on their desks concise, accurate, well integrated reports on company operations to help them make decisions. "In fact," the specialist adds, "electronic data processing systems are really designed with the top man in mind."

Below the presidential level, the outlook is not so cheery. Authorities consulted by NATION'S BUSINESS generally agree there will be more paper to handle in the future, but the information on the paper will be of improved quality—thanks largely to electronic means of collating it.

Forecast: Robert A. Shiff, president of Naremc Services, Inc., New York paperwork and records management consultants, predicts more by-passes of the printed word by business in the years ahead. Among them: more imaginative use of the telephone, communications between companies by linked computers, widespread adoption of optical-scanning electronic data processing equipment and eventual utilization of computers which will respond by mechanical voice to



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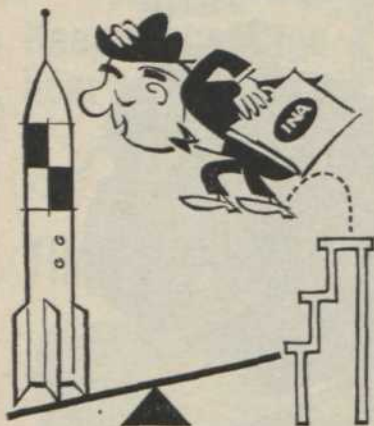
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**INSURANCE COMPANY
OF NORTH AMERICA**

World Headquarters: Philadelphia

EXECUTIVE TRENDS

continued

telephoned inquiries on inventory, sales, and other conditions.

• • •

A university professor, addressing a recent seminar meeting of business executives, told this real-life story about a moonlighting student. (Moonlighting means holding more than one job.)

The student was boasting to his professor that he had not two, but three, jobs.

"How do you manage that?" the professor asked. "When do you sleep?"

"That's the beauty of it," the student answered. "One of the jobs is a night watchman's job. I sleep on that one."

• • •

Business leaders are worried most about pressure on profits, rising costs, increased competition and the specter of government's regimentation.

For the next 12 months top executives expect to spend most of their energies dealing with these problems.

NATION'S BUSINESS confirmed these facts in recent contacts with top executives throughout the United States.

Concern over profit and the cost-price pinch were noted by more than half of the businessmen questioned. Third choice was competition—from domestic firms, from foreign producers, and from government.

The opinion canvass suggests that cost control measures will be much in vogue in coming months. Expenses will be trimmed and operations closely policed for signs of waste.

F. T. Peterson, president of Black-Clawson Company, makers of pulp and paper mill machinery, said the biggest headache his firm faces is meeting "the rising costs of labor without commensurate abilities to raise prices of the goods produced." The comment was representative of many others.

• • •

How can you motivate inventors to do more inventing?

This was the essence of a question answered by 291 inventors in a recent survey sponsored by the

Patent, Trademark and Copyright Foundation.

Philadelphia patent attorney Joseph Rossman, reporting on results of the poll, says it showed that about 40 per cent of the inventors believe cash payments, bonuses, or royalties based on percentage of sales would spur research and development employees to more inventive effort.

Other potential motivating factors listed by the inventors:

- Professional recognition.
- A favorable creative environment.
- Freedom for the inventor to pursue research projects of his own selection.

Among miscellaneous suggestions were these: attendance at scientific and technical meetings; permission to publish results of research; better facilities; better communication of problems to be solved.

None of the inventors mentioned motivation to help company growth by improving existing products or creating new ones. Mr. Rossman says this indicates a need for better communication and orientation on the part of firms to bring the motivation of research and development employees into closer alignment with company objectives.

• • •

Is lack of ambition robbing your company of promotable men?

It could be, according to Emerson E. Mead, president of Smith-Corona Marchant, Inc. Mr. Mead believes many companies are populated with managers who "reach a certain level and then become satisfied and have no desire to take on additional responsibilities due to the fact that it is probably going to take more of their time."

Mr. Mead's antidote: Look constantly for people in your organization who have a real basic interest in trying to improve economy and product quality. Through such observation, he says, you can spot men with promotion potential and give them the training needed to move to more responsible positions.

For more on Mr. Mead's views of current business problems, see page 34.

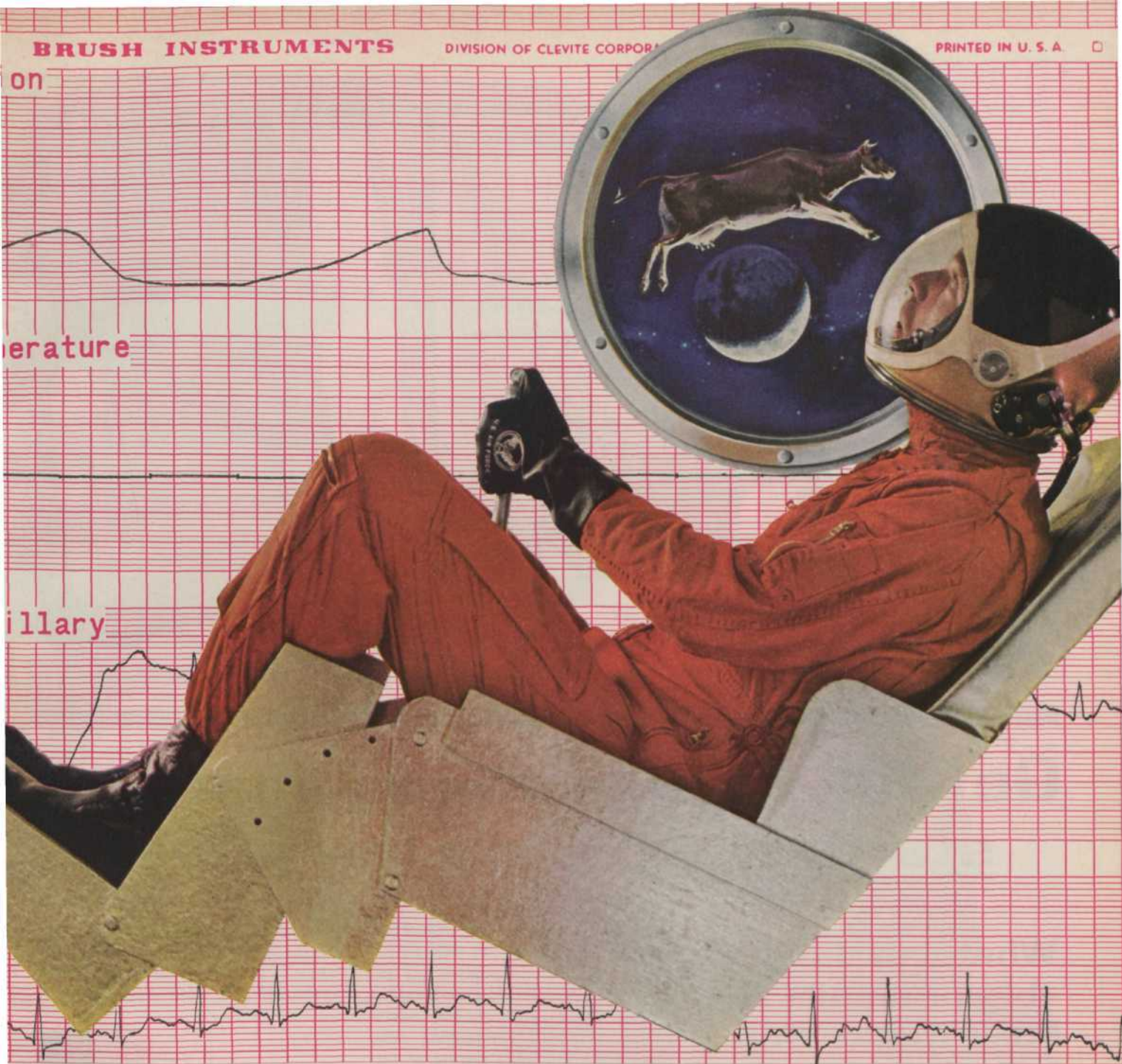
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You can expect an increasing number of joint ventures by American
(continued on page 23)

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EXECUTIVE TRENDS

continued

companies and U. S. universities and colleges.

For practical as well as altruistic reasons, business is drawing closer to institutions of higher learning—through grants of equipment, cooperative research projects, training programs.

In some instance these moves have a clearcut relationship to the economics of doing business. For example, a company may find it has a costly piece of equipment which it is using only part time. In such instances the machine might be turned over to a university as a gift, with provision made for the company to utilize the equipment when it needs to.

The Joint Office of Institutional Research, representing land-grant colleges and universities, reports a surprising number of education-business undertakings of this type—including grants of everything from electronic data processing equipment to forest lands and baby chicks to be used in university research with potential industrial implications.

Such undertakings help the universities to train more highly qualified graduates and pay no small dividend in goodwill for the businesses of America, a spokesman for the Joint Office points out.

• • •
Common sense should dictate your business manners, according to an article in a publication of the American Management Association.

Writer Peter C. Reid discusses such delicate matters as when an employe should begin calling his boss by his first name; when to interrupt your superior, or not to; and how to turn away a visitor who has an appointment with you which you can't keep.

Note: Mr. Reid says that in dealing with the "first-name dilemma" you should take your cue from the general atmosphere, from the way other managers handle the problem, and from the kind of person your boss is.

"The timing is a matter of social intuition," observes Mr. Reid. "Wait for the moment when a first-name response comes naturally and comfortably."

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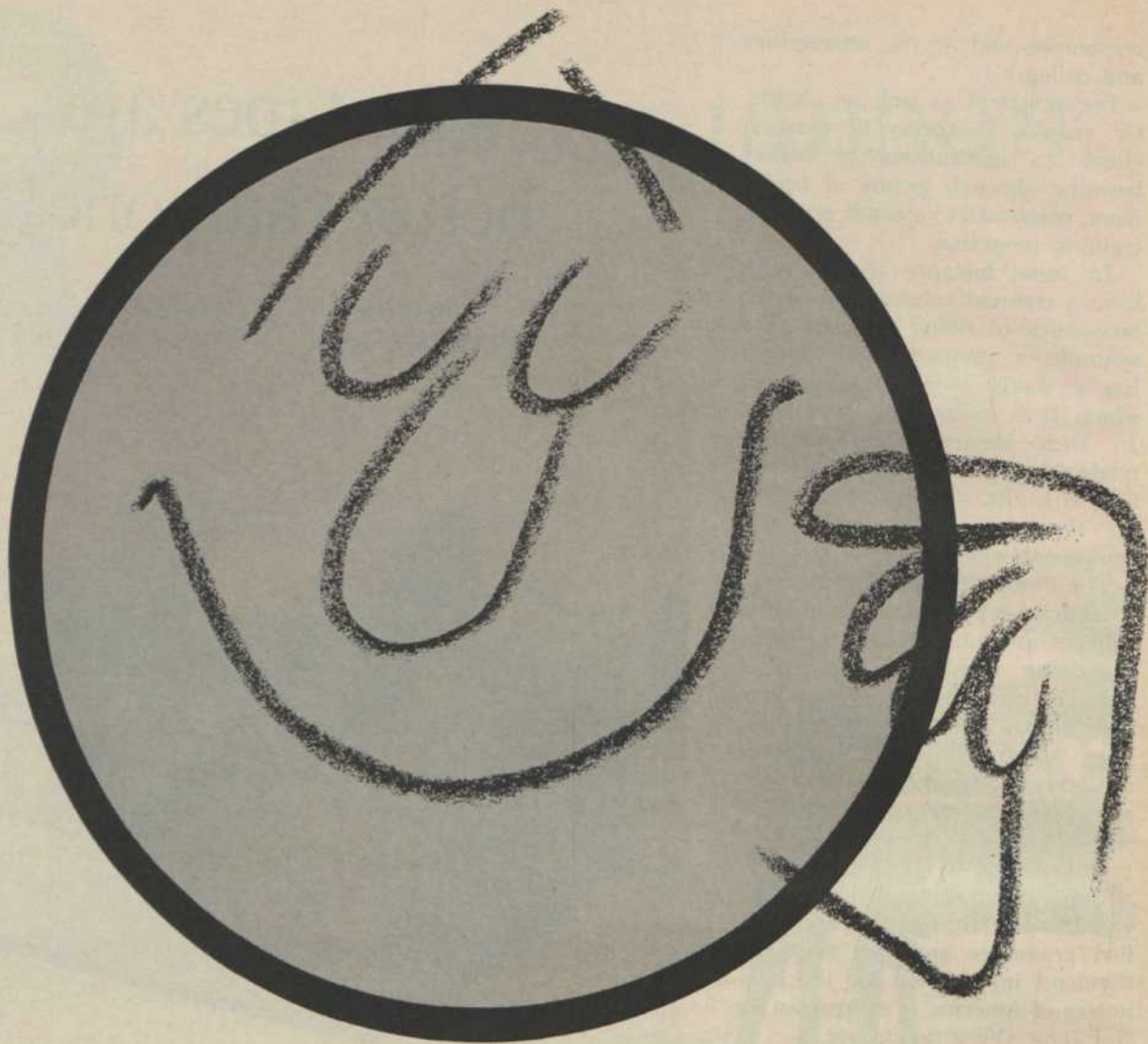
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benefits are to them and their families. MRP makes employees appreciate what you do for them over and above their paychecks. And MRP is free to all Occidental Group Insurance policyholders. That's worth a smile in itself. Talk to an Occidental representative about the advantages of MRP soon. Or ask your secretary to write Occidental Life Insurance Company of California, 1151 So. Broadway, Los Angeles 15.

OCCIDENTAL LIFE

Dialogue between government and business can help both

BY MERRIMAN SMITH

POLITICAL CULTISM can cut two ways, as New Frontiersmen are discovering.

A man devotes years to building a public service career and as he attracts disciples, his measure of success also includes a number of enemies.

As his supporters and detractors fan the fires of their fervor, certain hard lines of criticism, as well as acclaim, tend to develop. Less-than-involved spectators are drawn to bright battle banners and often uninformed recruits gather in anticipation beneath brave slogans which they find invigorating, but do not necessarily understand.

Oversimplification, generalities and rash praise or denunciation begin to receive acceptance as fact. And the sad part of this is that facsimile facts frequently can be grievously injurious to a great many people who were too preoccupied with their own affairs to have followed the battle from the very start.

Which is a mildly philosophic, even circuitous route to a brief fling at a fiercely burning question: Is President Kennedy truly "antibusiness"?

The question, in fact, is so burning that the smoke all but obscures many important developments in Washington as the Congress grinds determinedly toward adjournment. Newspapers and weekly journals continue to be full of angry news from overseas, but what the President calls the "dialogue" of the nation, and most certainly its Capital, seems centered on the domestic economy more so than at any time since the 1958 recession.

If this frequently impassioned dialogue awakens otherwise topically lazy Americans to the need for greater participation in their government, fine. If it leads to senseless, commerce-constricting fear, the nation suffers, and needlessly.

As inadvisable as emotionalism may be, there seems to be a lot of it on both sides of the high-swinging debate over Mr. Kennedy's attitude toward business.

The President maintains stoutly that he most

certainly is not antibusiness. But a number of businessmen hold to a quite opposite belief. And between this group and the Administration stand millions of bewildered stockholders who appraise the situation primarily in terms of their shares which dropped appallingly after Mr. Kennedy clobbered Big Steel for raising prices in the wake of a new union contract which he did not consider inflationary.

Also in the bewildered middle, between the President and his more severe critics, stands the bulk of the American population—the real losers if the dialogue becomes so intense that it drives consumers



President Kennedy sees no validity in comparing his steel action with F. D. R.'s tactics in the Thirties

away from the market place and into economic storm cellars of inaction and irrational fear.

With no pretense at economic expertise and, Heaven knows, with no political axe to grind, it may be possible to dwell with minimal emotion on a few facets of the great debate over, "Is he or isn't he?"

In a sense, questions about Kennedy motives and attitudes must lead to a broader inquiry: In a world where most governments, including the American, have shifted toward the sociological left in recent

Merriman Smith is the White House reporter for United Press International.

TRENDS: WASHINGTON MOOD

years, is it not almost inevitable that actions of any President come to be regarded by some segments of his constituency as "antibusiness"? And by actions of a President, naturally we include those of his Administration which he controls, at least theoretically.

Antibusiness as a label today varies in meaning between the pitcher and catcher. More often, it seems to mean dedication to creeping federalism as opposed to greater freedom for private enterprise. It means being blindly pro-labor with insufficient consideration for or knowledge of the complexities of owning and operating a modern business within confines of government regulation and taxation. Antibusiness means undue interference by Uncle Sam.

Despite heartfelt arguments to the contrary, the President quite naturally does not regard himself as "antibusiness," but he does accept the label with a certain degree of regretful inevitability. He wishes this were not so. He smiles bitterly at the theory of some opponents that he is a rich man's son advocating socialistic policies to purge his guilt for having been so well endowed with worldly goods.

As he has said, he believes most businessmen are Republicans and thus regard virtually anything he espouses with a degree of built-in wariness, if not automatic antagonism. While he accepts this situation with a pinch of philosophy, those who know him well and who have been at his side during the recent and more heated discourse say the President regards many of his business community critics as behind the times, or at least, basing their criticism on outmoded criteria.

He believes much of the current vocalism and derogation constitutes an unfortunate throwback to the heritage of the New Deal and the obvious relish with which the late President Roosevelt belted the business community.

It was simple to construct the darkest sort of villains in those days of deep depression. This is not to say Mr. Kennedy feels F.D.R. fought business purely as a matter of political sport. It does mean, however, that the President sees no particular validity in connecting his treatment of Big Steel last spring with Roosevelt tactics of the Thirties.

Yet, according to his associates, Mr. Kennedy feels too many business leaders have the incorrect idea that his policies are aimed at their torment or subjugation to the AFL-CIO. He feels this reading of his administration programs and performances is unjustified and, furthermore, old hat.

Members of his more immediate circle say the President is without bitterness as he contemplates what he regards as Republican leanings of most businessmen. His theory is that regardless of voting record or dues-paid party membership, most executives seem more comfortable about life in general when a Republican is in the White House.

Associates admit some of the executives prosecuted

by the Eisenhower Administration for illegal price-fixing probably would not agree, but they also feel this was not the norm for the preceding Administration.

While the President may regard the antibusiness appraisal of him as largely inescapable, those at the White House say he would like to reduce such talk to what he would regard as a sensible minimum. He derives some justification for this point from having recommended, to his way of thinking, more essentially probusiness legislation to the current Congress than his predecessor during a similar or roughly comparable period.

Associates say the President is not dealing in palliatives when he speaks of the interdependence of business prosperity and strong government. He felt his Yale University commencement address was, if anything, conciliatory toward business.

For many businessmen, however, any tones of conciliation and good cheer were drowned out by the President's reminder that the government was not without recourse to deal with actions regarded as contrary to the national welfare.

Some of Mr. Kennedy's inner circle feel the quarrelsome dialogue between government and business is not totally dark. In government, the antibusiness discourse has led the White House to discourage administration officials who tried to outrun the New Frontier leadership by making independent prognoses of the economy and advocating corrective measures without first checking at the White House level.

Economic alarms sound poorly to the White House because of a belief that the 1958 recession might not have been so painful and protracted had there been more judicious discussion of tax relief by some of the higher officials. It came as blessedly good news to 1600 Pennsylvania Avenue that in a few great corporation board rooms, policymakers had spoken rather bluntly against lower echelons of management engaging in public vendettas with Mr. Kennedy or joining in the antibusiness outcry.

According to word reaching the White House, there was a recent prime example. One of the nation's better known business executives had, out of no consideration for Mr. Kennedy but from deep regard for his own company, advised subordinates to refrain from linking themselves or the corporation to open derogation of the chief executive.

This was no effort to mute criticism or soften political opposition. It was, however, a considered effort to avoid emotionalism which could infect the consumer and thus contribute to an already disturbed situation. It will be interesting to see whether some of the more vocal political critics of business are capable of similar detachment.

Some of the politicians girding for fall Congressional battles might be well advised to follow the example of the aforementioned business leader and avoid blasting purely to hear the explosion. This would seem equally applicable to the Ins, as well as the Outs. It would be an amazing autumn if some of the usual political loudmouths were toned down by consideration for their own wallets.

Your future vote for President may count more — or less

BY FELIX MORLEY

FOR THE FIRST TIME in many years the effort to reform presidential election procedure in the United States is making some actual headway. It has been greatly, if unintentionally, strengthened by the compulsory reapportionment of State legislatures now in process.

Last March, in a case directed against the State of Tennessee, the Supreme Court ruled that a citizen's vote is debased if it counts for substantially less in one electoral district than in another. "The equal protection of the laws," said the Court, is "denied" when there is "a gross disproportion of representation to voting population."

Dubious or not, this argument carried the day and for the past four months State legislatures, called in special session, have been laboring to reapportion their seats in a manner that will withstand judicial scrutiny. The discussion has emphasized that if the principle of equal representation is mandatory for State elections, its applicability for the election of the President can scarcely be denied.



The President, of course, is not elected by popular vote, but by the secondary vote of the Electoral College, in which every State has membership equal to the total of its congressional delegation—two for its two senators, plus a number equal to the number of representatives the State elects. Thus the electoral vote of a State varies in general accordance with its population. New York, with two senators and 41 representatives, will have 43 electoral votes in the next presidential election. Vermont, with two senators and only one representative, will have three electoral votes, which is the minimum.

Obviously the equal population formula is upset by the two electoral votes guaranteed each State by its Senate representation. For instance, on the basis of census projections, New York in 1964 will have one electoral vote for every 425,000 inhabitants, while Vermont will have one for every 130,000. In

the Tennessee case the Supreme Court defined similar disproportions as "invidious discrimination."

The disproportion becomes much more pronounced when the method of Electoral College voting is considered. Habitually, each State casts its electoral vote as a unit, in behalf of the candidate who has secured a plurality of the popular vote in that State.

Under this procedure, in 1960, Vice President Nixon secured all of California's 32 electoral votes, although his popular vote exceeded that of Senator

WIDE WORLD



Presidential electors cast all of a State's votes for winning candidate; minority gets no representation

Kennedy by only 35,000 in a State-wide total of 6,500,000. On the same day that Mr. Nixon won the State's entire electoral vote the same electorate, voting by congressional districts, sent 16 Democrats and only 14 Republican representatives to the present Congress.

Pennsylvania, also casting 32 electoral votes in 1960, came down on the opposite side of the political fence. There Mr. Kennedy's popular vote exceeded that of Mr. Nixon by nearly 130,000. So the Democratic candidate got all electoral votes of the Key-

TRENDS: STATE OF THE NATION

stone State, though it was simultaneously sending 16 Republicans and 14 Democrats to Congress.

From a national viewpoint, the results balanced. These two great States together cast an almost equal number of votes for each of the two major candidates. Each of them got the same number of electoral votes and the congressional delegations of the two States divided 30-30. Neither party had any cause for complaint over this outcome, and none was made.

But this 1960 record certainly reveals "invidious discrimination" as subsequently defined by the Supreme Court, on the novel premise that every individual vote should be evenly weighted. In California, 49.6 per cent of the electorate voted Democratic, yet the State did not cast a single electoral vote for the candidate of that party. In Pennsylvania 48.7 per cent voted Republican and were similarly completely unrepresented in the presidential tabulation.

Another instance of discrimination in present electoral college voting is emphasized by Sen. Karl E. Mundt, of South Dakota, who has long been a leading advocate of reform in this procedure. Mr. Mundt points out that in the 1960 election the New York ballot listed 100 candidates for the office of presidential elector, with every voter entitled to exercise his preference for 45 of them. As a result over 328 million votes were cast for that key office in New York alone. Simultaneously, in South Dakota, the total vote for the eight elector candidates, four from each major party, was little over one million.

If votes are to be equally weighted, the present electoral system must be reformed. In 1960 the New York Republican electoral slate received more votes than the Democratic. But a big-city group—the Liberal Party—named the same electors as the Democrats, thus swinging all the State's 45 electoral votes to Mr. Kennedy.

Of the various plans for electoral college reform, that with the best chance of success is the one conforming most closely with the original intent of the Founding Fathers. This district plan has developed strong bipartisan support in the present Congress.

It stipulates that the presidential electors shall be chosen by districts of approximately equal population instead of by each State as a whole. Except where a congressional district has been shamelessly gerrymandered these would also be the electoral districts. In a presidential year the voters therein would normally vote for three, and only three, electors, one for the district and two representing the State at large.

The plan would thus completely offset the present discrimination in favor of States with a large electoral vote. It would also focus attention on the local Electoral College nominees and should thereby result in the choice of well-known citizens for this high honor, as was the original intent. Currently the electors are often almost unknown party henchmen.

This simple and logical reform is embodied in Senate Joint Resolution 12, which has a fairly good chance of adoption by both Houses of Congress before the end of the current protracted session. As it involves a Constitutional Amendment this approval, by two-thirds majorities, is necessary as a preliminary to ratification by the States.

Until the Supreme Court decision in the Tennessee case there was little likelihood of the States ratifying any Amendment for reform of the Electoral College, regardless of adoption by the Congress. The "winner-take-all" procedure, in spite of its wholly undemocratic character, has been too popular with the politicians. Substantial campaign contributions come easily when the stake is the undivided electoral vote of the big States. Financing would have to be localized under a system dividing the electoral vote of a State much as its congressional delegation divides.

But the precedent established by the Supreme Court in March has improved the chances for reform of the Electoral College in two respects. In the first place, voters can now appropriately bring suit in federal courts, showing that "invidious discrimination" is currently imposed because a vote for a presidential elector in some States is now worth far less than in others. Under the novel interpretation of the Fourteenth Amendment this discrimination is now defined as a denial of "equal protection of the laws."

Another advantage, of quite different character, traces to the resentment apparent in several State legislatures because of the drastic reapportionment now forced upon them. In general, this is working to enlarge the political power of the heretofore under-represented urban areas, and consequently to diminish that of the rural districts.

So far as the Electoral College is concerned, S. J. Res. 12 would work in exactly opposite fashion. The present winner-take-all procedure puts enormous power in the hands of well organized groups. In States where the political division is close they can be relied upon to turn out a regimented vote on election day. Often this concentrated effort in a big city serves to swing the balance for the State, thus giving its entire electoral vote to one presidential candidate, as in New York in 1960.

The rural politicians are now losing much of the power they have long exercised locally at the expense of the cities. Not surprisingly, they are becoming much more interested in electoral college reform which would work the other way. And the proposed Amendment would make it impossible for the municipal machine to deliver a solid State-wide electoral vote, on which both the prestige and the corruption of big-city politics depends.

Assuming passage of S. J. Res. 12 by Congress, the chances of ratification by State legislatures are therefore now far better than ever before. But the congressional hurdle is not yet taken. The Administration, seemingly much more interested in economic than in political reform, has so far failed to exert any substantial influence in the matter.



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assures income to employees during prolonged disability. When a loyal and valued employee suffers an injury that extends *beyond* the compensation or recovery periods of usual health and accident plans—what then?

AETNA now can provide coverage in just such situations. There are *three extended disability plans . . .* that begin upon expiration of normal term

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Group Division

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U.S. seeks power to police payrolls

Law billed as guarantee of equal pay would produce explosive side effects for business

A ONCE-OBSCURE wage proposal now backed by the Administration has run into eleventh-hour opposition as members of Congress awaken to its potential effects on thousands of American businesses.

The declared purpose of the legislation is to prevent employers from practicing wage discrimination against women employees solely on the basis of their sex, and thus to guarantee that women receive equal pay for equal work.

No opposition to this principle was expressed before the House Education and Labor Committee, which reported out a bill after the first hearings held on the subject in more than ten years. Women's and union groups concede that equal pay is, in fact, gaining ever-increasing acceptance in business and industry.

Opposition to the legislation is based on the methods proposed for achieving this goal.

The Committee bill, introduced by Democratic Rep. Herbert Zelenko of New York, is called the Equal Pay Act of 1962. Its key provisions:

- No employer having 25 employees or more could discriminate on the basis of sex in wage payments between employees performing comparable work in any place of employment.

- Differentials would be permitted, however, on the basis of seniority, merit increase systems or bona fide job-classification programs.

- No employer could reduce the wages of any employee to eliminate existing differences in carrying out the bill's requirements.

- The Labor Department would make investigations on the basis of sworn complaints from employees or anything else giving the Secretary of Labor "reasonable cause" to believe an investigation would disclose a violation.

- A Department investigator could enter any place of business, inspect records, question employees and look into whatever "he may deem necessary" in ferreting out possible wage discrimination.

The proposed law would specifically require the Labor Department to work toward voluntary elimination of discriminatory practices, but would authorize civil suits in federal courts with Department attorneys taking part in cases where persuasion failed.

The court could require an employer to pay back wages, plus damages not to exceed the amount of back wages due, both covering the period of the discriminatory wage practice up to a year prior to the employer's receiving notice of

the initial complaint. An employer found to be in violation would become ineligible for government contracts and be blacklisted by government agencies until he complied.

The law would apply to any employer and "any person acting directly or indirectly in the interest of an employer," but would specifically exclude labor unions except in their relationship with their own employees.

It would pre-empt the field in the more than 20 states that have enacted laws of their own to protect women from wage discrimination.

Rep. Dave Martin of Nebraska, a lumber retailer and member of the House Education and Labor Committee, objects first to the extension of federal involvement in business.

During the hearings, Secretary of Labor Arthur J. Goldberg stated that the bill would apply to firms engaged in commerce. Representative Martin elicited from Mr. Goldberg an indication that this would cover a small retailer whose merchandise comes from across a state line even if his own trading area didn't cross the street. (This goes beyond the Fair Labor Standards Act under which minimum wage is applied to retail firms that gross more than \$1 million a year.)

Insistence on equal pay for comparable work, however, raises more

U.S. seeks power to police payrolls *continued*

serious fears, according to Representative Martin, who would refine the standard to specify the same or equal work.

On this question, Assistant Labor Secretary Esther Peterson sees no serious problem of classification, based on an analysis—"simply the study of a job to determine its essential component factors and the qualities required of the worker to perform the duties."

Citing experience with the Civil Service Classification Act, she says standards include responsibility, job knowledge, mental application, dexterity, accuracy, and ability to meet physical demands.

Based on this, the relative worth of a particular job to an establishment is determined.

Mr. Goldberg points out that labor and management in the steel industry managed to boil down some 30,000 jobs for more than 600,000 employees to 31 classifications.

Intent of law

But business interests are worried by the approach expressed by Mrs. Peterson, a former legislative representative for the AFL-CIO Industrial Unions Department, in her criticism of existing state laws:

"Many such laws contain qualifying provisions that constitute loopholes for evasion. For example, some laws permit a wage rate differential if a woman worker has had different training from her male fellow worker; if she is not available for other types of operation than the work she is engaged in; or if there are differences in shifts, hours of work, time of day worked, weight lifting and other various conditions."

Furthermore, the requirement to eliminate discrimination in any place of employment is unclear. It could eliminate geographical wage differentials among several plants of one employer, differences based on varying wage levels between rural and metropolitan areas.

Mrs. Peterson insists that such is

not the case. There is no question, however, that labor costs could rise sharply, especially where an employer could not lower a man's (or woman's) salary to eliminate differences condemned by the Department of Labor.

Elizabeth S. Johnson, director of the Bureau of Women and Children, Pennsylvania Department of Labor and Industry, told Congress that one employer who had a 20-cent differential between hourly pay of his 239 men and 441 women workers threatened to leave the state when faced with a state law requiring him to raise his payroll by \$176,000. And unions, which can negotiate discriminatory contracts by strike threat or tacit understanding, would be exempt from penalties aimed at management.

Unions would be included under substitute bills introduced by Reps. John M. Ashbrook of Ohio, Charles E. Goodell of New York, Edgar W. Hiestand of California and Carroll D. Kearns of Pennsylvania.

Under their bills, equal pay would be applied for equal work or work requiring equal skills.

Their major amendments also would limit the law's prohibitions to "within any establishment" of an employer, curb the scope of investigations to judicially determined areas, cut to six months the period of back wages recoverable, replace damage payments by reasonable interest, and limit the law's application to states with no enforceable equal pay law.

Other amendments would drop the Labor Department's lawyers

EMPLOYER JOB ORDERS

JOB TITLE	INDUSTRY
Accounting clerk	Retail trade
Assembler	Electrical manufacturing
Bookkeeper	Machinery manufacturing
"	Insurance
"	Printing
Clerk-typist	Distillery
"	Printing
Copywriter	Publishing
Credit clerk	Wholesale trade
Elevator operator, passenger	Retail trade
General office clerk	Oil refining
" " "	Wholesale trade
Grocery checker	Retail trade
Inventory clerk	Metal manufacturing
Key punch operator	" "
Order clerk	" "
Salesclerk	Retail trade
Tailor	" "
Traffic clerk	Wholesale trade

from civil court action, eliminate the blacklisting by government agencies, and limit the law's restrictions to the employer or anyone acting as his agent.

Introduction of the substitute bills postponed floor action in the House, where many members were reported as unwilling to vote against the bill for fear such action would be interpreted as opposition to justice for women.

In the Senate, prospects originally were for speedy action, possibly without hearings. But introduction of the House amendments seems to assure Senate debate if the issue arises, if only from unions which regard the changes as anti-labor.

The Chamber of Commerce of the United States, while supporting

the principle of equal pay, argues that it can best be achieved by voluntary action, collective bargaining and state laws.

Durable issue

Even if defeated this session, the legislation is bound to be revived, judging from the priority given it by Mr. Goldberg. At one point, emphasizing that the bill was not designed to standardize wages within an industry, he said:

"A great argument could be made that this ought to be done and some of the legislation before you indeed has proposed that this be done, but . . . differences, many geographical in character . . . present a different problem and I think we ought to concentrate here on making progress in this area, with respect to the

individual employer, that his rates ought not to be different for the same work between men and women."

Official government statistics show that women make up almost one third of the nation's work force. Now 24 million, the total is expected to reach 30 million by 1970, according to Labor Department projections. Three fifths of all working women are married; women head 4.6 million American families, or a tenth of the total, all of which indicates that many are not working for pin money or frills but from economic necessity.

They are able to perform many tasks as well as or better than men, and the distinction between purely women's and men's work on the basis of physical strength is gradually fading with increased mechanization in business and industry.

Despite these statistics, there was uncontradicted testimony on the Zelenko bill that wage discrimination persists under which the annual average salary of women is \$3,293, compared with \$5,417 for men. Since average figures fail to reflect such factors as length of service and other distinctions, far more meaningful are the Labor Department's figures for employer job orders for 1961 (see chart.)

Backers of the bill also claim that the wage structure is undercut by employers who hire low-paid women rather than men who can command higher pay; that the public subsidizes some employers whose full-time employees must supplement their earnings with welfare funds; that state laws provide inadequate protection and are lacking in more than half of the states, and that only three million working women are covered by collective bargaining.

In her appearance before Congress, Gladys Tillett, U. S. representative on the United Nations Commission on the Status of Women, added the reminder that 52 per cent of voters are women, and "sometimes women [hold] the deciding vote."

END

FOR WORKERS, 1961

HIRING RATE		PERIOD
WOMEN	MEN	
\$42.00	\$45.00	Week
1.40	1.55	Hour
70.00—75.00	85.00—90.00	Week
350.00	400.00	Month
325.00	375.00	"
1.87	2.19	Hour
60.00	65.00	Week
55.00—60.00	Up to 100.00	"
265.00—300.00	400.00	Month
1.40	1.60	Hour
300.00	325.00	Month
250.00	300.00	"
56.88	62.90	Week
250.00	300.00	Month
240.00—245.00	260.00—265.00	"
225.00—275.00	275.00	"
1.00—1.05	1.25	Hour
65.00	75.00	Week
270.00	300.00	Month

SOURCE: U. S. DEPARTMENT OF LABOR

FORCES SHAPING BUSINESS FUTURE

PUBLIC CONFIDENCE

Two factors stunting the nation's economic growth and what can be done to correct them are analyzed in this special interview with Emerson E. Mead, the president of Smith-Corona Marchant, Inc.

WHAT CAN Washington do to improve uneasy relations between government and business?

Here are some specific recommendations by a leading business executive, Emerson E. Mead, president of Smith-Corona Marchant, Inc., who also describes what he thinks businessmen can do.

In this interview, Mr. Mead tells why he thinks businessmen are deeply concerned about antibusiness attitudes of Washington officials. He denies that businessmen are hobbled by obsolete economic theories and explains that he believes Washington can benefit from discussing economic policies with businessmen.

"Businessmen are progressive thinkers and planners," Mr. Mead explains. "If they weren't they wouldn't be running businesses."

Mr. Mead, how do you size up the relations between business and government at this time?

I should say first of all that I believe some officials in Washington recognize the importance of encouraging business and industry. Yet statements that come out of Washington seem to be consistently antibusiness.

After all, business is the backbone of our country and it seems to me that there has to be a meeting of the minds about both government and business. Until we get this I think we are going to have a lack of confidence in the economy in general.

What do you think is needed to restore business confidence?

What's needed is for the Administration to assume a different attitude and a different role, at least as far as business is concerned. I believe they have to reverse their stand on certain issues so that there is

a closer relationship between government and business. Washington has to realize that businessmen are not hobbled by out-of-date myths but are standing up realistically to basic economic facts of life.

What else do you think is needed?

Perhaps the President would benefit by consulting more with businessmen on their theories of economics. I don't believe that he has done enough of this.

A little more bipartisanship between business and government is needed. I think the President should consult with representative businessmen at all levels, not just a few major corporations. This would have a significant, favorable reaction.

For government and business to have a better understanding, government officials need a better understanding of industry's basic problems.

What can businessmen do to help restore confidence?

There's probably too much discussion about the wrong things. We can talk ourselves into business troubles and a recession. If we talk less about this possibility and do more to promote good sound business, the economy would improve.

If we all panic and start curtailing our activities, it could have a serious psychological impact. Businessmen have to take a positive, optimistic attitude. At the same time it's wise to watch every move of the economy carefully, and be ready for whatever comes along. By talking with confidence and optimism, we can curtail pessimism, besides.

Will a tax cut help restore confidence?

Yes, but I don't think a tax cut alone is going to



Mr. Mead became president of Smith-Corona Marchant in 1960 after serving as executive vice president for operations of all company divisions. He began his career in manufacturing as a shipping clerk 20 years ago, and is now a director of the General Gilbert Corporation, Dictaphone Corporation, and Rowan Controller Company

provide a foundation for economic stability and growth. There are many things the government can do. The Administration should consider everything possible to stimulate business.

What specific things would you have government do?

Number one, the government could encourage business by actually adopting a policy of noninterference. Number two, I think there has to be some incentive for industry to continue to expand plants and facilities, creating more employment and the development of new products.

We don't have sufficient incentive today.

If we look at what is happening in some of the foreign countries, Germany being a prime example, we see liberal depreciation schedules to give businessmen the incentive to modernize their plants, build additional plants and install new equipment. The new depreciation schedules announced last month are a hopeful indication.

Do you consider expansion of public works a stimulant to business?

This is no real economic stimulant. I think this approach is overrated and too long-range a solution.

Do you see any virtue in a government deficit?

No. There has to be a way, eventually, of balanc-

ing the budget. Most of our deficit is due to high expenditures, such as foreign subsidies.

Do you see anything in this year's tax proposals that would stimulate business?

The passage of this present tax bill would have an effect on business, but I wouldn't say it would prove an adequate stimulus. It includes some minor incentives, but it doesn't go far enough as presently constituted. The taxation of profits in foreign countries is questionable. If it hadn't been for profits earned abroad, our economy would have been adversely affected in the past.

As for the tax-credit plan, I don't think it is enough of an incentive for plant expansion. It's a one-shot thing. What we really need is a continuing program.

Would you comment on government wage-fixing and what it does to your company?

Government wage-fixing is of major concern to every industry.

When you attempt to set minimum wage levels for any industry without giving adequate consideration to all factors involved, you're liable to stifle it. This increases costs, which in turn means increased prices.

The government should not dictate wage policy. Local economies vary throughout the country. In other words, you can live more cheaply in some portions of the country than you can in others. As a result, there are lower wage rates in some areas. I have no objection to a reasonable minimum wage, but it is wrong for the government to fix all minimums. It is also a problem when minimums are varied from industry to industry.

At present there is a proposal to raise the electronic industry minimum wage to \$1.72 an hour. This will have a devastating effect on portions of the electronic industry where highly skilled technicians are employed.

Let's take the office equipment industry. The minimum wage was raised recently from \$1.15 to \$1.55. This occurred because computer manufacturers requiring highly skilled labor were placed in the same category as those manufacturers utilizing comparatively unskilled workers for mechanical assembly. This tended to raise the whole average.

This is a good example of how wage fixing adversely affects business. *(continued on page 83)*

SOLDIERS LEARN HOW COMMUNISM SPREADS

Reds' strategy is analyzed in new Defense Department film



What should the armed forces teach American servicemen about communism?

This question has been hotly debated in Washington this year. Congressional hearings into troop training programs and cold war speeches by military officers have increased the heat.

While the debate has raged, the Office of Armed Forces Information and Education in the Department of Defense has been producing motion pictures, pamphlets and other study materials on communism.

On these pages NATION'S BUSINESS presents a slightly condensed version of the newest Pentagon film—"The Road to the Wall." Before the year's end the film will be seen by most of the personnel at U. S. military installations throughout the world. Here is the text of the film narration:

Of the hundreds of millions who take this road, some do so willingly, others hope that the road leads to

bread for the hungry, peace for the weary, land for the landless. Some protest openly. It doesn't matter.

Some were born on the road.

Many will die along the way. Always at the road's end there is a wall.

In the beginning the road exists in the mind of a Nineteenth Century philosopher and scholar, Karl Marx, who maintains that only through a system he calls communism can the worker and farmer avoid starvation and exploitation.

"We declare openly," Marx writes, "that our ends can only be attained by the forceable overthrow of all existing social conditions."

One of those who read and believed was V. I. Ulyanov, a young Russian, party name Lenin.

Under the czar, Nicholas II, Russia is ruled by a government of absolute powers. The czar will never be a success as a ruthless autocrat. He's busy with elaborate ceremonials.

World War I may be hell in the West; it is pure hell, ten times over,



for the Russians. At the front, defeat, disorganization, and death. At home, starvation and poverty.

Finally, in March, 1917, a demonstration in St. Petersburg starts over a simple demand for a higher bread ration, gets out of hand, includes a new demand: transfer of power from the czar to an elected parliament.

The czar turns his troops loose on the demonstrators. But the army joins the people. The czar's regime falls. A. N. Kerensky, a young lawyer, is minister of justice in a provisional government in which many parties are represented.

Kerensky arrests the czar and his family, and announces that free elections are to be held. Political prisoners are freed; some food is distributed.

But, in a country without experience in self-government, dissident elements of all shades struggle to convince still hungry people that their particular road leads to salvation. The war is unpopular. When



it becomes clear that Kerensky means to continue it, the German general staff arranges for the return of Lenin, who had been exiled by the czarist government to Switzerland. Leon Trotsky arrives a month later, from Canada.

Summer, 1917: Kerensky proclaims Russia a republic. Universal suffrage. Power to be vested in an elected Constituent Assembly.

But in November, Lenin and Trotsky, as leaders of a huge farmer-worker-army union called the Soviet—call for destruction of the Republic.

Lenin says: "They imagine that serious political questions are decided by voting. As a matter of fact, they are decided by class war!"

The class war is quick and relatively bloodless. Lenin's Bolsheviks seize the railroad stations, telegraph lines, electric plants, and government offices, and declare themselves in business.

The real violence comes later. On Nov. 25, the election Kerensky had called is held, under the control of Lenin's Bolsheviks, who, to their amazement, lose it, three to one. The Assembly thus elected meets under the guns of Trotsky's Red Army, refuses for a time to turn power over to the Soviet, but finally leaves the building in disorder.

The Assembly never reconvenes. Power passes to the Soviet, which Lenin controls, and from there to the Council of Commissars, where Lenin's power is absolute.

He says: "This is the dictatorship of the proletariat, a power won and maintained by violence . . . power that is unrestricted by any laws . . . resting directly on force. Keep this well in mind."

Lenin makes peace with the Germans, and now a genuine civil war breaks out. The White Russians rebel against the Reds, allied troops

fight to keep Russia in the war, the Czar and his family are executed, Kerenskyites fight to restore the Republic, and the Cheka, first of many Soviet secret police groups, becomes active. But Lenin complains:

"There is still too little ruthlessness—not because we lack determination, but because we do not know how to capture enough profiteers, marauders, capitalists."

Lenin and Trotsky are now firmly in power. The Cheka is abolished. In its place comes the O.G.P.U., or "political police," and, to check on the O.G.P.U., there is *Rabkrin*, the workers' and peasants' inspection group, whose chief is one Joseph Vissarionovich Dzugashvili, later to be known as Stalin. He disputes Trotsky's position as Lenin's second-in-command and heir-apparent.

Now, with the civil war won, Lenin eases the demands for belt-tightening and public sacrifice; out of economic necessity, he institutes the New Economic Policy. Emphasis is placed on production of consumer goods, but the state maintains control of heavy industry. Even private enterprise is permitted—within limits. And two new



words—American aid—enter the Russian vocabulary. By March, 1922, the American Relief Administration, under Herbert Hoover, is feeding 10 million Russians.

In March, 1923, Lenin suffers a stroke; the following January, he is dead. Stalin forces Trotsky into exile. Then Stalin ends the New Economic Policy. In its place come three successive Five-year Plans, all designed to emphasize productive capacity, especially heavy industry and power output. From 1928 to 1941, Russia's industrial capacity rises nearly 300 per cent, her hydroelectric output is up nearly 800 per cent. Agricultural

production lags, however, and housing starts actually are less than population increase. If you're an average Russian, this means more work, not enough to eat, and less and less living space per family.

If you don't work hard enough, or if you complain, there are plenty of trains to Siberia, where many hydroelectric dams are being built. On the other hand, if you work hard, you might become a Stak-



hanovite. All you have to do is break the production record for your machine, and get a medal and a small wage increase.

These are also the years of the great executions, called Yezhovschina in honor of Stalin's executioner, N. I. Yezhov. In some provinces, as much as four per cent of the population vanishes. Well over half of the top communist leadership and thousands of lesser officials vanish, as do most of the army officers.

In the West, meanwhile, another dictatorship, devoted to world conquest, complete with infallible leader, secret police, and cattle cars that carried men and women to the grave, or worse, arises.

On Aug. 23, 1939, Molotov, for the Russians, and von Ribbentrop, for the Germans, undertake to divide the world between them.

On Sept. 1, eight days after the Nazi-Soviet pact is signed, German troops cross the Polish frontier. On Sept. 17, the Red Army crosses Poland's frontier. On Oct. 5, Poland has disappeared. Germans and Russians shake hands at Przemyśl.

But with the fall of France, Hitler decides the pact has served its purpose, and ends it by invading the territory of his recent partner.

The turning point of the German invasion of Russia comes at Volgograd, then called Stalingrad.

When the war ends, Russia ac-

(continued on page 46)

EXPERIENCE SHOWS

WHERE WELFARE

SYSTEM IS HEADED

Topheavy benefits drain fund despite steady rise in taxes

BACKERS of greatly liberalized social security benefits, including health care, might take a closer look at the plight of the railroad retirement system.

Over the years, Congress has constructed an elaborate and costly welfare program for railroad workers on top of a shrinking tax foundation. The Railroad Retirement Board, which administers the program, concedes that it now is financially unsound. Since "reductions in benefit amounts are inconceivable," the Board says, the payroll taxes must be raised without any increase in benefits.

Railroads and their employees already pay more taxes than any other group for welfare purposes. The combined total is 14.5 per cent on the first \$400 of each worker's monthly salary. That compares with the 6.25 per cent social security tax paid jointly by other employers and employees.

Neither social security nor railroad retirement are actually insurance programs, as many believe. Workers are not paying premiums to finance benefits for themselves in future years. In recent years, the taxes paid by workers and employers have been needed to finance benefits for those already on the rolls.

The benefits which present workers hope to receive will depend on taxes paid by the workers and employers who follow them, and so on. When all of the tax increases now scheduled have taken effect some lawmakers fear that the tax level will be close to the saturation point. With pressure for new and expanded benefits continuing and resistance to tax increases expected to grow, both funds could run into trouble.

According to the Railroad Board's own actuarial, or insurance-type, calculations, its system is running in the red to the tune of 1.79 per cent of the taxable railroad payroll. In other words, the Board figures that taxes would have to be raised to a level that

would yield \$77 million a year over the amount now scheduled to be collected. According to present projections of social security officials, taxes under that system will fall short of what's needed by three tenths of one per cent of payroll.

"This is not considered dangerous," a spokesman says. "It is within the permissible limits of actuarial deficiency. One cannot judge exactly what taxable employment will be 30 years from now."

The differences in benefits under the two programs are important.

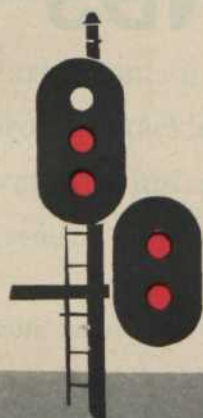
On an average, workers 65 and older who went on the railroad retirement rolls last December drew annuities of \$136 per month, compared with the \$77 per month average for those going on the social security rolls.

Maximum retirement benefits under social security are now \$127 per month for a single worker and \$190.90, if he is married. Under present law, these maximums won't go any higher.

The maximum possible benefit for railroad workers who retired Dec. 31, 1961, was \$208.80 for a single beneficiary and \$278.70 for a couple; and maximum rates will continue to mount for many years into the future. Theoretically, it would be possible, 20 years from now, for a worker who has paid the maximum taxes for 44 years to collect \$342.40 a month if he's single and \$412.30 if he's married.

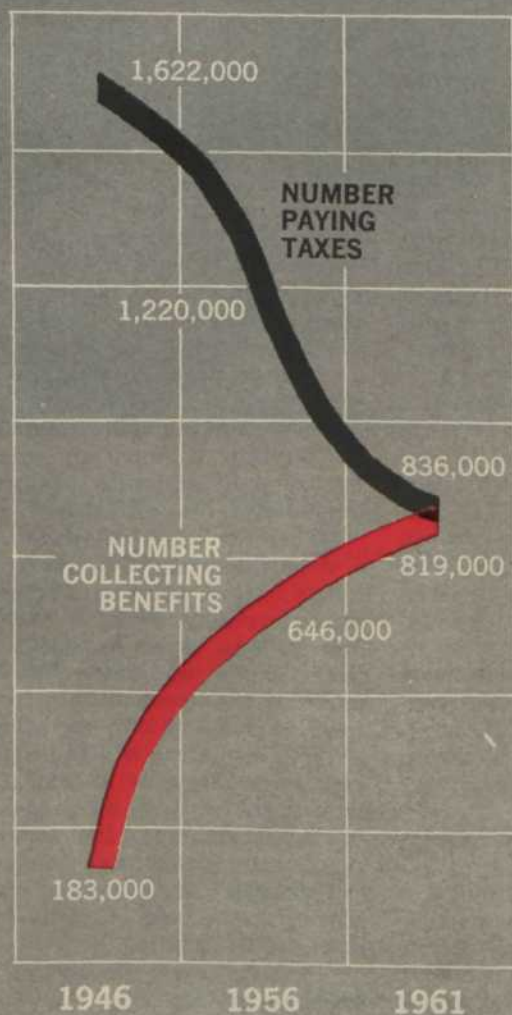
Moreover, when a railroad worker with no survivors dies without having collected all that he has contributed to the retirement fund, a "residual" payment is deposited to his estate. This now can amount to as much as \$5,700; and by 1981 can be as high as \$13,394.25. No residual payment is made under social security, only a modest lump-sum payment.

Social security officials see no need for the benefits of their program to grow to the size of railroad



DANGER SIGNALS in railroad retirement plan serve as a warning of what can happen to social security, other federal welfare programs

Planners' nightmare becomes reality as number of workers getting benefits from railroad fund rises to almost the same number as those paying into it



retirement benefits. They point out that social security benefits generally are supplemented by private pension plans.

Nevertheless, many congressmen and others are worried that periodic liberalization of its benefits will further weaken the social security system. There has been particular concern about the costs of the proposed health plan known as the King-Anderson bill, even though social security taxes would be raised to help finance it. President Kennedy has promised to push for passage of the bill again next year, despite Senate rejection and House reluctance to act on it in the current session.

Congress recognized the railroad retirement program as a sort of combined "social security-supplemental program" in 1950. It specified that the railroad retirement program, in effect, must pay social security taxes for all railroad workers and that the social security fund must pay social security benefits for all railroad retirees or their survivors. Under this arrangement, \$1 billion of social security funds have been funneled into the railroad retirement fund. The plight of the railroad fund would be much more serious if it were not for this financial interchange. During the year ended June 30, 1961, about one third of the \$1 billion which the railroad retirement board paid out in benefits came from the social security fund.

It is pointed out, also, that the immediate cause of the present deficit in the railroad retirement fund is one that is not likely to arise to plague the social security fund. The railroad fund is in jeopardy largely because of the sharp and apparently permanent drop in railroad employment.

Last year the average number of employees paying taxes into the fund slumped to 836,000, while the number on the benefit rolls rose to 819,000. In other words, there were almost as many persons receiving money from the fund as putting money into it.

Five years earlier employment stood at 1,220,000, almost double the 646,000 then on the benefit rolls. In 1946, immediately after World War II, employment averaged 1,622,000, and there were only 183,000 on the benefit rolls.

In contrast, the growth of the economy is expected to bring fairly steady increases in the number of persons subject to social security taxes. Taxpayers now outnumber beneficiaries under the social security system by a ratio of about four to one.

Congress' initial response to the sharp drop in railroad employment has created another financial problem for the

(continued on page 86)

NEW TECHNIQUE YIELDS TRIPLE DIVIDENDS

You can use successful method developed
by these companies to broaden executives

A FRESH APPROACH to developing top level executives is producing a three-way benefit for two companies.

Vickers Incorporated and Northern Natural Gas Company have found that their new training technique:

- ▶ Sharpens the teamwork of all their executives.
- ▶ Broadens the experience of participating managers in unfamiliar areas of the company and boosts their eligibility for promotion.
- ▶ Results in a searching examination of company performance and possible avenues of improvement.

Northern Natural Gas has just completed its first trial of the program. The company's president, W. A. Strauss, says:

"It has worked out much better even than we expected. Our people did an outstanding job, and some of the proposals presented at the conference are well worth consideration and study."

J. Frank Forster, president of Vickers, which first used the program in its present form last year, says: "It has been invaluable in broadening the perspective of our executives."

How does the program work?

Promising executives are assigned to intensive research projects in fields unfamiliar to them. The program's high priority is indicated by the fact that the company president selects the participants and their subjects. The corporation gains an immediate benefit, because the president must make a critical review of his current human resources and future needs.

Five teams of three men each are chosen. These are managers who have not yet reached the top level

but have shown strong potential for doing so. Some may be drawn from just below the top echelon—vice presidents and division managers, for example—while others may be younger men at lower levels who are expected to move up rapidly.

Five subjects are selected which are of deep concern to the company, which are not too well understood by managers other than those working in the fields, and which involve knowledge important to a well-rounded executive.

Great care is taken in choosing the participants and matching their development needs to the subject matter. A subject is assigned to someone who not only knows little about it, but also is not likely to be exposed to it otherwise. In some cases, an individual may be assigned to study a field in which he has misconceptions or a wrong attitude.

The participants are given a specified time in which to research their subjects thoroughly—in the Vickers program about three months and at Northern Natural Gas four months. They continue to perform their regular jobs during this time. Teams are divided into a moderator, who will present the general background of the subject; an affirmative member, who will bring out the strong points of the company's current policies; and a negative member, who will point up weak spots and recommend improvements.

The program is climaxed by a three-day conference, held at an isolated location away from the company offices. Here the participants present their reports to an audience composed of the president, top company officers, and a selected group of executives, including those who have responsibility in the fields

covered. About 35 persons attend the conference.

After each team report the subject is thrown open to questions and discussion from the floor. This offers an opportunity for company officials to examine present operations and the potential for improvement. The president closes by commenting on the reports and discussion, stressing points that he believes important and adding factors that have been overlooked.

Program assessed

Top officers of the two companies assess the program in this way:

"We have here an excellent means of cross-fertilization in a corporation," says John F. Merriam, chairman of the board and chief executive officer of Northern Natural Gas.

"The people who take part—both team members and the others who attend—come out with a better understanding of important areas of the company and with a better understanding of each other.

"There isn't anyone who has run a department or division for any length of time who hasn't developed pretty concrete ideas on what can and can't be done. Assigning team members to dig into unfamiliar parts of the company produces a fresh analysis of our operations.

"The new ideas which are generated force all of us to take a new look at the way we do things. But in the atmosphere of the conference people can speak more freely and criticize more freely without placing anyone in the position of having to defend past actions.

"It shakes everyone up—but in a constructive way."

Mr. Forster points out that the
(continued on page 62)

DEVELOPMENT OF A MANAGER

Participants in the program tackle research in unfamiliar areas of the company



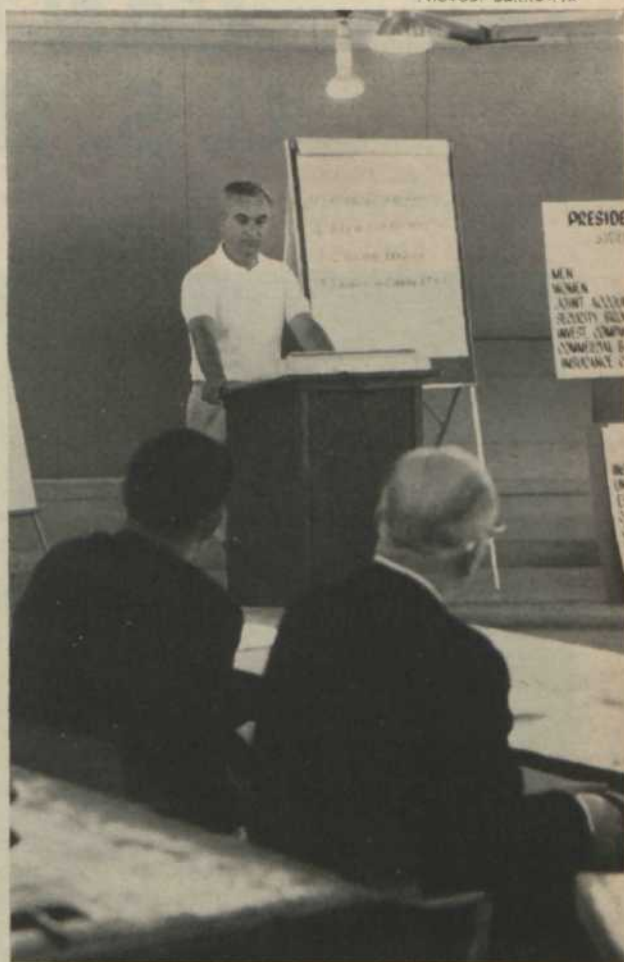
Herbert M. Sampson (right), Northern Natural Gas Company marketing executive, quizzes President W. A. Strauss on the company's financial structure



Working on their report on corporate finance, Mr. Sampson and teammates J. O. Grantham (left) and Gordon L. Severa turn from the blackboard to talk over their conclusions

In the informal atmosphere of the wind-up conference, Mr. Sampson outlines the results of their study to company officials and other men taking part in the four-month program

PHOTOS: BERKO-PIX





PHOTOS: EUROPEAN ECONOMIC COMMUNITY

FOREIGN LAW CAN CHANGE U. S. BUSINESS

Antitrust climate transformed by Common Market

THE COMMON MARKET is introducing a new era of antitrust enforcement to the European scene, raising new problems for American businessmen engaged in trans-Atlantic trade and those likely to enter the field.

Even American manufacturers in competition at home with major foreign exporters can expect ultimately to feel the effects to the extent that the foreign firms' competitive position may be altered.

As tariffs and other governmental barriers to free trade among the member nations disappear, the powerful Commission of the European Economic Community will be scrutinizing the whole range of practices in private industry that

restrict the flow of goods and capital.

The Commission already is armed with strict treaty provisions prohibiting many restrictive practices and abuse of market dominance, with penalties of \$1,000 to \$1 million or 10 per cent of turnover, plus requirements for disclosure of restrictive agreements.

The Commission also has broad investigative powers, which may come as a shock to the traditionally close-mouthed European businessman and change the basis on which he deals with Americans.

American and European authorities agree that the Common Market antitrust regulations represent a trend toward the U. S. approach,

so that the effect on a given American firm would depend on whether it would be helped or hindered by freer competition.

Many American businessmen abroad have complained that they have been hampered in coping with cartel-organized competition by a combination of U. S. and foreign laws, observes Corwin Edwards, who has served as consultant on cartels to the State Department, economist and chairman of the policy board of the Justice Department's Antitrust Division and chief economist for the Federal Trade Commission.

Businessmen will be helped by an approach toward "one rule on both sides of the water," says Mr.

*Overseas practices of American firms
become subject to review by the Court
of Justice of Europe's Common Market*

Edwards, who is now professor of government and business at the University of Chicago.

Assistant Attorney General Lee Loevinger, head of the Antitrust Division of the Justice Department, points out that the new market-wide regulations could increase competition, however, for the American subsidiary that might now be a member of a cartel enjoying a dominant market position in Italy, which has no national antitrust statute.

Mr. Loevinger and other Justice Department officials have been to Europe several times recently to keep abreast of legal developments involving American interests. The State Department also has been strengthening its contacts with Common Market leaders.

Intergovernmental exchange of information suggests that American businessmen would do well to review their agreements from the standpoint of U. S. law as well as Common Market regulations, according to Washington attorney Sigmund Timberg, former special assistant to the attorney general and chief of the judgments and judgment enforcement section of the Antitrust Division.

In any event, experts agree that it is vitally necessary for American businessmen to re-examine the agreements under which they manufacture, sell or license patents and know-how abroad in terms of Common Market and individual European laws.

"A riddle wrapped in mystery inside an enigma," Winston Churchill's description of Russia, has been applied to the Common Market's legal and economic consequences by Mr. Timberg.

"Price of liberty"

To realize the impact of the Common Market on Europe's trade structure, he says, one need only note that antitrust is comparatively new to Europe, implanted somewhat through American influence after World War II to meet the communist threat.

Summing up the attitude of many European policymakers, economists and businessmen on the subject of restraint of trade, he quotes the statement of French Premier Plevin in 1951: "Competition is the price of liberty."

The laws adopted by the European nations vary widely, however, tailored to their own economic circumstances and national legal systems.

The Dutch permit market-sharing agreements; the French allow specialization cartels, dividing fields of industrial activity among firms; the Scandinavian countries condemn price-fixing only when it results in excessively high prices.

Although Italy now has no statute, a particularly strict one has been drafted to regulate commerce within its borders.

In adopting the Rome Treaty in 1957, the Common Market signa-

tories bound themselves by two key antitrust laws which were put into effect this spring.

The first of these specifically prohibits price-fixing, exclusive dealings, limitations on production, distribution, technical development or investment; dividing markets or sources of supply; and economic discrimination.

Going beyond this partial list, however, it bans "all agreements between enterprises, all decisions of associations or enterprises and all concerted practices which have as their object or effect the prevention, restriction or adulteration of competition within the Common Market."

Exemptions may be granted, provided the practices in question "contribute to the improvement of the production or distribution of commodities or to the promotion
(continued on page 47)

European Parliament will assume lawmaking function



A LOOK AHEAD by the staff of the

Housing competition rises

(Construction)

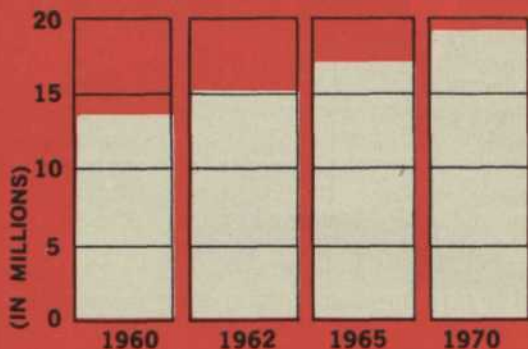
Changes coming in tariffs

(Foreign trade)

Aid agency helps unions

(Labor)

TEEN-AGE MARKET GROWING (15 to 19 years old)



SOURCE: CENSUS BUREAU

AGRICULTURE

Competitive market forces will continue as the primary regulator of production and markets in agriculture, if recent developments are any indication.

The House of Representatives rejected the Administration's omnibus farm bill largely because of its compulsory control features.

Then, turkey producers rejected the proposed national turkey marketing order. The vote was unusually heavy—seven out of every eight eligible producers voted. Only 43 per cent favored the order, despite continued low prices and larger than usual carryover stocks from last year's bumper crop.

This was the first referendum on a proposed nationwide marketing order, as distinguished from local or regional orders. Its defeat will likely alter plans to propose similar programs for other commodities.

Producers now can be expected to make further voluntary adjustments in the 1963 crop to gain more favorable prices.

CONSTRUCTION

Competition in the housing market is taking on new dimensions.

Prior to World War II, the effective demand for housing (whether family residences or vacation or retirement homes) was met almost exclusively by the residential construction industry.

Then the house trailer—including both mobile homes and travel

trailers—began to make dramatic inroads in the market. In 1951, about 67,000 of these units were shipped. Five years later, the number had risen to 144,000—equivalent to more than 12.5 per cent of the total number of housing starts. In 1961—131,000 were turned out.

Now, there's a new source of competition, the house car. An estimated 60,000 of these motor vehicles—with living-sleeping space, baths and kitchens—are on the road.

Although the immediate impact of the house car competition is on the travel trailer market, the longer range impact will be felt in construction of vacation accommodations.

CREDIT & FINANCE

A government survey discloses that business plans a slight increase in spending for plant and equipment during the next half year.

Expenditures for the current quarter are estimated—at an annual rate—at \$36.9 billion.

Third quarter expenditures are planned at two per cent above the second quarter level, and the fourth quarter, 3.6 per cent above the second quarter.

Consumers appear to be in a more solvent position than previously, and able to incur more debt. However, net increases in installment credit and net additions to general spending appear likely to rise only slightly over the April surge.

For the most part, credit appears

readily available and money rates are favorable.

FOREIGN TRADE

After a six year study by the U. S. Tariff Commission the Tariff Classification Act of 1962 has become law. The new schedules will go into effect January 1, 1963. Meanwhile, the Census Bureau is revising its statistical classification of commodities imported into the United States, to make it conform with the new Act.

This is the first revision of tariff schedules since the original Tariff Act of 1930, and has long been needed to bring the tariff schedules on hundreds of items into line with the present-day conditions. It aims to take account of the large number of imported articles which have been invented or created since the 1930 law was written, to correct language which has led to illogical and unsatisfactory classifications as a result of strictly technical interpretations of the law, and to eliminate needless distinctions in tariff descriptions.

The new law rearranges hundreds of items in our tariff classifications but neither increases nor decreases the level of tariffs.

GOVERNMENT SPENDING

President Kennedy cites as a major criticism of the federal budget that "... it cannot tell a loan from a straight expenditure..." Some have taken this as an indication

Chamber of Commerce of the United States

that future federal budgets would split off loan programs from the regular budget on the basis that they are repayable and thus not real expenditures.

Actually, government loan programs are separately identified in the federal budget although the amounts involved are included in the over-all totals. It should be noted that government lending programs vary—often considerably—from those in private business. Loans on business books represent investments on which the owner expects full payment. This is not always the case with government loans.

One example: cash repayments of Commodity Credit Corporation price support loans in fiscal year 1961 were \$552 million. During the same period, \$1 billion in loans were cancelled by the CCC in taking over surplus commodity collateral. Also, there is a real question as to what portion of the loans made under the foreign economic program will ever be repaid.

LABOR

The efforts of organized labor to spread American style unionism and social development programs in Latin America are beginning to pick up speed. The program, originally conceived by the AFL-CIO with \$40,000 seed money, has been granted a \$250,000 lift from foreign aid funds by the U. S. Agency for International Development.

The first class of 45 South American and Caribbean union officials, described by the AFL-CIO as a "new type of labor leader," is now completing its three month course of study in Washington under the guidance of the American Institute for Free Labor Development, 12 of whose 24 trustees are active top officials of the AFL-CIO.

In addition to training from 100 to 120 selected young foreign unionists a year in union organization and administration, the Institute hopes to establish foreign "Labor Centers" and creation of a Department of Social Projects to assist Latin American unions to establish low-cost housing, credit unions, cooperatives, and workers' clinics.

MARKETING

Merchandisers are tipped off by recent studies to the growing market potential among the young consumer set.

The age bracket of this group ranges from 15 through 24.

About 15 million teen-age customers (15 through 19) are spending an estimated \$10 billion a year, according to a study published by the Small Business Administration. By 1970, estimates indicate, this group will number about 19 million persons.

Teen-age income averages roughly \$10 to \$15 per week. This money, for the most part, is virtually 100 per cent expendable.

Furthermore, these young people are highly influential on their parents' spending for such things as appliances, furniture and recreation.

In addition, America's newlyweds (mainly in the 20 to 24-year age bracket) are entering the young homemakers market at the rate of about three million a year.

NATURAL RESOURCES

The Pacific Northwest lumber industry is facing intense Canadian competition for U. S. markets. Canadian softwood lumber currently has 15 per cent of the U. S. market, including 70 per cent of the Eastern waterborne and 100 per cent of the Puerto Rican and Hawaiian markets.

The loss of markets has led, on the average, to the closing of one American lumber mill a day. Lumber industry unemployment now exceeds 200,000.

The industry has appealed for a temporary quota to curb mounting softwood lumber imports from Canada and immediate revision of timber sales policies of the U. S. Forest Service, which has a near monopoly on stumpage in the Pacific Northwest.

In a hearing before the Senate Commerce Committee, the Service was criticized for its reluctance to make long-term sales in sufficient quantities at reasonably appraised prices, and for its contract and administrative procedures.

TAXATION

Quick reduction in individual and corporate tax rates looms as a possibility.

Note these factors: 1, the Administration may urge cuts if recession signs appear; 2, economists, business, and labor leaders urge cuts now; 3, many citizens fear a loss of confidence and an economic slowdown.

Businessmen seek cuts to enhance investment and increase consumption. Labor officials put more emphasis on cuts to spur consumption.

Rate reduction probably would increase deficit possibilities. By reducing spending at home and abroad the immediate deficit can be minimized. Over long periods, reduced rates should improve federal revenues from increased general prosperity.

Tax-cut advocates also point out that deficits due to rate cutting are not considered as undesirable as deficits due solely to nonessential federal spending.

Other tax-cut opinion favors this approach as preferable to investment tax credit or other on-again-off-again remedies.

TRANSPORTATION

Commerce Committees of both the House and the Senate are holding hearings on the legislation resulting from the President's message on transportation, but there appears little likelihood that final action will be possible. Prospects for next year are much better. This year, however, will be remembered for the President's special message to Congress on transportation.

The message has numerous specific recommendations but its main theme seemed to be that the industry had not kept up with our industrial progress and to an important extent unequal and fragmentary government policies were to blame.

What is needed, and needed quickly, is a clear cut national policy goal for transportation so that various government programs currently under way and planned can be directed intelligently with this goal in mind.

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SOLDIERS LEARN

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quires as spoils of war: Eastern Poland, Bessarabia, Sub-Carpathian Ruthenia, East Prussia, Northern Sakhalin, the Kurile Islands and portions of Finland. Latvia, Lithuania, and Estonia are incorporated as Soviet Republics, and much of their native population is deported. There are Russian Zones of Occupation, pending final peace treaties, in Germany, Austria and North Korea.

And the Russians have the right to maintain garrisons in Poland, Hungary, Rumania and Bulgaria.

How did we get from there to here, to the present situation, with an iron curtain dividing Europe, and communist outposts throughout much of the world? What is the secret of communism's postwar expansion? What methods do they use?

The answer is: They use them all.

Occupying troops remain until political domination is achieved in Poland, Rumania, and Hungary. Zones of occupation become zones of continuing influence and control in East Germany and North Korea. Along with their political and psychological efforts, economic aid and trade agreements help spread the Soviet influence in Africa and in the Middle East.

Force is avoided wherever possible. But when it is needed, it is used.

Subversion is, of course, an important technique of communist conquest. Czechoslovakia in 1948 is an established democracy in Eastern Europe. Suddenly, a rash of strikes. Conservative elements resign from the Cabinet. Communist deputies pound their desks, as the street demonstrations reach riot proportions. Police brutality in putting down the riots is charged and the communists take over the police. On Feb. 25, informed that the alternative is civil war, and aware of unmistakable threats of invasion from the Soviet Union if he does not capitulate, President Benes accepts a communist cabinet.

Jan Masaryk, son of the country's greatest hero, will not go along, and remains in the Foreign Office. Two weeks later, his body is discovered; whether he was murdered or killed himself is not known to this day. Three months later, a Constitution, Soviet style, is adopted by parliament.

Benes refuses to sign it, and is forced from office.

Behind the iron curtain it is easy to express contentment with your lot. And difficult and dangerous not to.

But human freedom dies hard. Uprisings and strikes in East Ger-



many in 1953 and in Poland in 1956 are put down with local police, augmented by Russian soldiers. In Poland, concessions are made so that Poland today, although indisputably communist, permits a degree of freedom unheard of in the other iron curtain countries. Poles are permitted to criticize government decisions, if they do so discreetly.

But loud laughter is not recommended. You might disturb your neighbor. And he might be The Law.

Budapest. October, 1956. The demonstrators are not anticommunists. In fact, many of them—Hungarian students, particularly—are communists who feel that, as Hungarians, they have the right to determine how Hungarian communism is to be administered.

On Oct. 24 local party bosses de-



cide enough is enough and direct police to fire into the crowd. But the crowd does not melt away, even when Russian garrison troops join the police.

Faced by an overwhelming mob, the Russians withdraw, leaving
(continued on page 76)

FOREIGN LAW

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of technological or economic progress."

Such arrangements must insure that consumers share in the profits, that no restrictions be imposed that cannot be justified in terms of the benefits alleged, and that the enterprises involved may not eliminate substantial competition.

This principle has been termed a "legislated rule of reason" by Norbert Koch, a member of the Directorate-Generale de la Concurrence, Commission of the European Economic Community, who visited the U.S. recently.

The second principle prohibits abuse of power by firms occupying a dominant position in the market.

This all reflects the European view that there can be good as well as bad cartels—a compromise between monopoly protection of property rights and the antitrust theory of competition.

Notification required

The new regulations set out complex requirements for notifying the Commission of questionable agreements that may be forbidden under the ban on restrictive practices. A deadline of Aug. 1 was set for disclosure of existing agreements and later postponed to Nov. 1. New agreements in this category also must be reported.

A broad area of agreements, known as "optionally registrable," is exempt from the notification requirements, although some undoubtedly would eventually run afoul of the regulations.

The exempt agreements include those between enterprises within a given member nation and not affecting trade outside that nation, and certain others involving only two enterprises.

The U. S. mission to the Common Market capital in Brussels sums them up as benign agreements, those on which the treaty is uncertain, and others that are comparatively minor from the standpoint of distortion of trade.

But George Nebolsine, of the law firm of Coudert Brothers, advises businessmen to scrutinize their agreements involving transactions that cross internal frontiers of the Common Market and any restrictive agreements, especially those involving licensing, exclusive sales, joint ventures and syndicates, distribution and trade associations.

The American mission in Brus-

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FOREIGN LAW

continued

sels warns that some business arrangements which the parties concerned regard as normal may be prohibited.

Landmark Case

Mr. Nebolsine urges companies to notify the Commission of all agreements containing questionable elements, although they may not be in violation. Citing the first case decided by the Court of Justice of the European Economic Community, he told NATION'S BUSINESS:

"This case involved the appointment by Bosch, a German manufacturer of refrigerators, of an exclusive dealer in Holland. German distributors were required by Bosch not to export to foreign countries.

"The question submitted to the Court was whether a restriction not to export to a Common Market country violated the treaty prohibition of agreements 'likely to unfavorably affect trade between member states'.

"The Court refused to rule on it and stated that it would have to consider the context in which this restrictive clause appeared. Clear-

ly the restriction is not illegal *per se*."

He adds: "It is important to bear in mind that the penalties attach only to wilful or negligent violations.

"This places a handsome premium on a good faith, objective review of agreements."

The Bosch decision held that the clause of the Common Market treaty which declares prohibited agreements void does not apply automatically, but only through explicit administrative determination.

Such rulings must, in turn, await the entering into force of the new regulations.

"This ruling thus temporarily preserves the validity of all existing agreements concerned regardless of their compatibility with [the clause providing exemptions], which would otherwise have been deemed technically void after the treaty came into effect," says Dr. Koch.

A further incentive is that notification is a prerequisite for the granting of exemptions on the grounds of economic benefit, as well as a transitional period during which a firm might modify its agreements to eliminate violations or to qualify for an exemption.

Regarding these exemptions, Dr.

Koch says most would be retroactive to the date of notification, although retroactivity involving certain types may be extended back to March 13, 1962, when the regulations were issued, thereby providing uninterrupted validity from a civil standpoint.

"This is a very important power because the decision not only determines the legality of the practice under scrutiny, but also because it affects private contractual litigation," wrote Gerard J. Weiser, a research associate with the Patent, Trademark, and Copyright Foundation, in the Foundation's *Journal*.

Firms can clear up the status of their agreements by seeking a negative clearance, under which the Commission would declare that "according to the information it has obtained, there are . . . no grounds for it to intervene with respect to the agreement, decision or practice."

This procedure does not require a mass of supporting data in justification.

On the question of licenses, Mr. Timberg adds that one of the most important American exports is technology, usually taking the form of patent or know-how license agreements.

Under them, he continues, it is customary to grant a licensee exclusive authority to exploit the technological development in question within a certain territory on a royalty basis.

Licensing will be reviewed

As tariff barriers disappear, says Mr. Timberg, so will various geographic barriers.

Thus traditional licensing patterns will be under review to determine whether they conflict with the general purposes of the Common Market.

Adds the American mission in Brussels: "Under a licensing agreement there may be doubt as to whether the right to exploit secret or patented processes is the main objective or whether that right is only an incidental aspect and a pretense for a market control arrangement inconsistent with the treaty."

The American observers add that licensing agreements that outlive the validity of the patents involved may become in violation once the patents expire.

Developments foreseen by other American sources include efforts to bring individual patent laws of member states into con-

Watch for:

The face you save may be your own

Even the best employe can make a mistake. When one does, he suffers a blow to his confidence. Whether he benefits from his mistake or goes into a tail-spin may depend on these steps to help him save face.

Welcome mat's out for U. S. business

Several foreign lands are offering incentives to attract outside investors, especially U. S. businesses. Here is a check list of key areas, types of industry sought, inducements provided, and sources of data.

... and many other timely, important and useful articles in coming issues of

Nation's Business

formity and establishment of a market-wide patent system.

Acting on the basis of notifications, complaints, or its own initiative, the Commission can investigate individual firms or entire sectors of the Common Market economy, requiring information from government agencies and private firms regardless of notification exemptions.

Its agents are authorized to examine books and other business documents, require verbal explanations on the spot and gain access to all premises and property of businesses involved in an investigation.

The real impact of the Common Market antitrust regulations will depend, of course, on enforcement policies.

On paper, authorities agree, the regulations are generally closer to U. S. law than national antitrust statutes in any of the member nations today.

Professor Edwards describes the development this way:

The diverse European nations, in forming the Common Market, found themselves in much the same position as did the United States in trying to resolve geographical economic conflicts during formation of our coast-to-coast common market. Similar problems led to similar solutions.

Others point to one important difference: Antitrust regulation in Europe is based more on economic considerations than in the U. S., where it resulted from a political reaction against monopoly and the lingering suspicion of bigness itself.

Nothing in the European legislation prohibits mergers having a tendency to lessen competition.

Enforcement will be in the hands of economists, and based on the economic consequences of the practices under consideration. The regulations say, in fact, that the Commission will launch inquiries "... if in any sector of the economy the trend of trade between member states, price movements, inflexibility of prices or other circumstances suggest that, in the economic sector concerned, competition is being restricted or distorted within the Common Market ..."

Getting voluntary compliance

A major provision of the regulations allows the Commission to work toward voluntary compliance with the treaty by making recommendations to firms found to be in violation. In light of European



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Bakery builds commercial sales

Costs are kept down on the special rush-delivery service provided by Oak Cliff-Golman Baking Companies, Dallas, Texas, because their trucks are equipped with G.E. two-way radios. Mr. Teddy Harris, general manager, reports that G.E. two-way mobile radios save time and mileage for "hot shot" special delivery trucks which operate out of two plants.

Mr. Harris says: "Restaurants and drive-in groceries have unpredictable rush periods and they know they can count on us for fast service anytime. This builds sales for our regular route trucks. G.E. two-way radio makes it possible and profitable for us to operate this night-time, business-building, emergency service."

Construction supplier gains delivery reputation

Getting materials to the job site on time is crucial in the contracting business. That's why Construction Supply Corp., San Rafael, Calif., believes G.E. two-way mobile radios are essential. Loads can be shuttled to more urgent job areas, changes made, replacements sent for delayed trucks, shortages corrected, or "rush" additions expedited right away. According to general manager, Mr. Eugene Malerbi: "When we promise a delivery time, we must keep it, or the customer gets another supplier. Our G.E. two-way radios save the day when tie-ups or bottlenecks occur. We can pinpoint the problem and make delivery on time . . . saving a customer or gaining a new one. We have five mobile units and are going to add more."



Lumber companies, gas dealers, equipment servicing companies, distributors, realtors are among the many businessmen who have boosted sales, reduced overhead, improved customer relations through the use of G-E mobile radio. Your business can do it too! You can equip an office and three vehicles for as little as \$210 down and \$10 a week.

For more information, look in the Yellow Pages under "Radio Communications," or write General Electric Company, Communication Products Dept., Section 5082, Mountain View Road, Lynchburg, Va.

GENERAL  ELECTRIC

FOREIGN LAW

continued

practice, this approach seems most likely to be followed, say Professor Edwards and others.

As a clue to the likely Common Market approach to abuse of market power, Professor Edwards cites a case under an apparently comparable Netherlands law in which tobacco wholesalers pressured manufacturers not to sell their products to grocery wholesalers.

So many manufacturers consented that the Dutch government stepped in on grounds that the tobacco wholesalers were abusing their position of dominance.

As to restrictive agreements, he points out that, under Netherlands law, restrictive agreements between manufacturers' and wholesalers' associations are permissible provided membership in the associations is open to all comers.

But if a German enterprise wanted to enter the market after the removal of tariff bars, its exclusion could be attacked as restraint of Common Market trade.

Mr. Timberg suggests that Americans in Europe may have to sell to all would-be buyers, even to a greater extent than at home.

He and Mr. Loevinger see the possibility of differences in detail between U. S. and Common Market antitrust regulations.

Mr. Timberg also notes that many people, among them former Attorney General Herbert Brownell and former New York Governor Thomas E. Dewey, have been arguing for more liberal American antitrust laws.

"I see no change immediately in prospect for American laws," says Mr. Loevinger. But he and others view as eventually possible the abandonment of the Webb-Pomerene Act, which provides American firms exemption from certain extra-territorial provisions of the Sherman Act and allows them to form export associations to deal with cartel-organized buyers.

Mr. Timberg says that, although the Common Market regulations themselves do not forbid cartels for export outside of the market, the general trend toward freer trade may have the same effect.

Professor Edwards predicts more subtle long-term effects. Over the years, as the Common Market accumulates experience under its regulations, there is bound to be some cultural borrowing on both sides of the Atlantic.

END

PERSONAL OUTLOOK

These four places lure sophisticated travelers

Where are travel-jaded executives vacationing?

Travel officials report that Greece and its islands are attracting the world-weary.

AAA inspectors say tourist facilities there have been greatly improved in last two years.

A week's cruise among the islands, steeped in mythology and sunshine, costs \$200-\$300.

Sicily is also being discovered—again.

Phoenicians, Greeks, Carthaginians, Arabs, Romans, Normans left their mark, but the mass American invasion is yet to come.

The Mediterranean island offers majestic ruins, fiery Mount Etna, swimming, skiing, and fine resort hotels.

Tahiti, according to American Express, is now welcoming vacation pioneers. Jet time from Los Angeles is about seven hours. You must buy a return ticket; no beachcombers wanted.

Yugoslavia, according to Thos. Cook & Son, is coming onto the tastemakers' map.

One of the most relaxed places on the Adriatic Coast is Sveti Stefan—a Fifteenth Century settlement on cliffs above the sea. All its houses have been turned into modern hotel suites.

Government bargain: traveling exhibits

As a board member of a civic organization are you looking for an added attraction?

Federal agencies offer a treasure house of traveling exhibits free or at nominal fee.

Big five are NASA, Smithsonian, Agriculture, Armed Forces, AEC.

NASA has 800 exhibits about the space age. Displays are explained in words no longer than three syllables—even Newton's laws of motion.

The space agency keeps exhibits current. Obsolescence rate is about one third annually.

Information may be obtained from Dr. George G. Manov, Special Projects Division.

Smithsonian has 100 shows of art, architecture, design, crafts, photos, science.

Exhibits range from Burmese embroidery to 84 life-size color photos of hummingbirds taken by Crawford H. Greenewalt, president of E. I. du Pont de Nemours & Co.

One of government's finest exhibits is Agriculture's 325-photo show titled "The Changing Faces of Our Land." Picked from two thirds million photos, it tells story of America's growth.

Library of Congress, Patent Office, Bureau of Public Roads, Treasury also have exhibits.

Business speakers available

Need a savvy speaker to report on the Washington scene?

Washington Trade Association Executives have established a speakers bureau. Available are 520 representatives of 375 industries, trade and professional groups.

"For many years," says WTAE official James G. Ellis, "qualified government spokesmen have comprised a reservoir of speaking talent.

"We aim to make available at a centralized source knowledgeable business speakers able to report on events affecting the private sector."

Financial arrangements are made between the requesting group and speaker.

Details may be obtained from Drew Martin, American Hotel Association, Wyatt Building.

The Chamber of Commerce of the United

PERSONAL OUTLOOK

States has a directory of informed speakers on three dozen labor topics.

You may be asked

If you're not already in the industrial national guard, Uncle Sam may want you this year.

Recruiting for National Defense Executive Reserve is being considerably stepped up.

Business and Defense Services Administration—with half the 2,700 reservists in 18 government agencies—seeks a 50 per cent increase.

Purpose: train those who would direct industry's mobilization during national emergencies.

BDSA's reservists are top corporate officials, division managers, superintendents.

Average age is about 50. Average income is well above \$20,000. BDSA says the one thing they have in common is proven executive ability.

Reservists meet formally several times a year, and are kept informed of developments affecting nation's ability to mobilize resources.

Spending for recreation surging

Business and government officials at the recent White House Conference on Conservation expressed mutual confidence that demand for outdoor recreation is surging.

Private and public conferees agreed that demand will increase 60 per cent by 1976 and triple by 2000.

Investment counselors suggest you might advantageously consider the industry already generating \$20 billion annual spending.

Many counselors sum up the industry this way: almost unlimited potential; intensely competitive; bright future despite occasional declines.

Most people seeking outdoor recreation want water. Swimming is likely to become most popular of all.

Bulk of recreation expenditures are for transportation, food, lodging, equipment.

Promising investment areas may be:

Camping equipment; sporting goods—especially for snow and water skiing and golf. An indication of the golf boom is participation doubling in high school competition since 1960.

Also: teen-age apparel, sports uniforms, cosmetics, specialty footwear, boats, photography, soft drinks, vending machines, auto parts.

Lifesaving quiz

It pays to have a high water safety I.Q. Last year 6,500 Americans drowned.

Nearly one fourth were 45 years and older. More than one fifth were 25-44.

Red Cross offers this waterproof check list:

1. You're swimming in open water and get a severe leg cramp.
 - a. Roll over to a face-down position, massage the aching part.
 - b. Swim to shore as quickly as possible.
 - c. Tread water, call for help.
2. You're swimming in surf and find yourself being carried out to sea.
 - a. Swim toward shore at an angle.
 - b. Swim to one side, not against the current.
 - c. Stop swimming, float with the current.
3. Load-carrying capacity of a small boat can be determined generally by:
 - a. Number of people the seats can accommodate.
 - b. Number it will support when capsized.
 - c. At least a third of its depth, amidships, is above the water line.

Answers: 1 a; 2 b; 3 c.

A car for every cargo

...another *good* reason for shipping Rock Island

Shipping economies depend largely on ease of handling, and this can best be accomplished with the proper equipment, such as this covered gondola designed to haul finished steel items.

Although the majority of rail freight shipments can be handled with standard equipment, on the Rock Island there's a specialized car for virtually every type of unusual cargo.

New multi-level cars are now speeding delivery of automobiles from assembly plants.

Covered hoppers simplify the bulk hauling of powdered

and pelletized products. Well cars carry high or

heavy loads. Double-door box cars facilitate handling of lumber and other bulky items. Cars with DF loaders

handle fragile items with kid-glove care.

Piggyback cars have the newest type hitches for fast loading and unloading. Even delicate missile components are carried by the Rock Island on equipment designed to assure damage-free transit.

Specialized equipment is only one good reason for shipping Rock Island. In

addition, you get the advantages of piggyback ramps that blanket the system, faster direct interchanges with scores of other lines, push-button classification yards, the most modern communications network, and experienced, conscientious personnel. Ask your Rock Island traffic representative to put this effective combination to work for you.



ROCK ISLAND LINES

The railroad of planned progress
... geared to the nation's future
Chicago 5



Government joins campus competition for graduates

Federal agencies to bid harder against business for bright young men

RECRUITERS from industry who comb the campuses of colleges and universities seeking talented young men and women for their companies will face a new and growing competition.

The U. S. Civil Service Commission and other federal agencies are also intensifying their campus recruiting efforts.

The need for the government recruitment program was pointed out by John W. Macy, Jr., chairman of the Civil Service Commission, when he told a group of college students that it now takes 2.4 million civil servants to carry on the continuing business of government.

This makes the federal government the nation's largest single employer and doesn't even suggest the public service demands at the state, local and international levels.

The question is: Does the United States have enough high-quality talent to meet the demands of private industry and business, as well as teaching, research and government service?

From one point of view, businessmen may think of government as a new and more active competitor for talent. From a broader point of view, businessmen have a stake in a strong public service, particularly in the light of an increasing interdependence of government and industry in a wide variety of expanding fields.

These include explosive developments in science and technology which involve heavy government investment and collaborative efforts with industry in such enterprises as atomic energy, space exploration and satellite communications; international commitments which cannot be met without full application of all our resources, public and private; a growing metropolitan population which brings demands for joint public and private ventures to carry out urban renewal and development.

Government needs have been partially met by talent recruited from industry.

Last January, for example, Fowler Hamilton, administrator of the

Agency for International Development, embarked on a soft sell to the American business community in an effort to attract mid-career management executives to work in overseas foreign-aid missions. One executive called Mr. Hamilton's effort the best selling job he has seen.

But government cannot rely entirely upon temporary imports from the business and academic worlds to meet its long-range staffing needs. The public business is complex and needs full-time attention and continuity. Government is seeking to develop a steady stream of liberally educated, technically qualified career executives of its own from the colleges and universities.

At present, government suffers in campus recruiting competition from two severe handicaps: Its recruitment procedures are, by necessity, mechanical and uninspiring when contrasted with those of private industry; and the image of public service is overlaid with visions of bureaucratic red tape, dull mediocrity and political pressure.

Public service unattractive

Government employment procedures have been geared, by law, to the principle of equality of opportunity and, by intent, to the elimination of special privileges and preferences. Hence the prosaic routine of taking the Federal Service Entrance Examination cannot really compete with a personal interview by traveling company representatives, full of exciting plans.

The problem of the bureaucratic image is even more basic. President Robert Goheen of Princeton understated it when he said: "Public service has not been a career that has been highly attractive to young people." Dr. Goheen was speaking to an alumni group about the university's plans for a new grant to train public servants. He told his audience: "We are fighting the competition of industry, of the law, which is a big one, and even of the teaching profession. . . ."

A number of college and university programs may increase government's effectiveness in competing

for promising students in the future.

Widespread activities in this area are organized by the National Center for Education in Politics (until recently known by the name "Citizenship Clearing House"). Supported by the Falk Foundation of Pittsburgh, the Center last summer sponsored student interns in the offices of U. S. senators and representatives, in Republican and Democratic headquarters in Los Angeles County and in the Michigan and Minnesota State Committees, in the office of the mayor of Camden, N. J., and in other posts in Washington, Idaho, Ohio, and Oregon.

Several major institutions also conduct their own intern programs, in addition to cooperating with the Center. Dartmouth College, for example, has long sponsored a series of fellowships in accordance with President John Sloan Dickey's emphasis on service and commitment as an integral part of liberal education.

Under this program, students spend the summer and fall academic term of their senior year working with political parties or with a variety of governmental agencies on the local, state, national and international levels. Among the agencies which have cooperated in placing students are local planning and city youth boards, state governors, Congress, the Federal Deposit Insurance Corporation, the Department of Defense, the Department of Labor, the United States Information Agency and the United Nations Special Fund.

Other colleges and universities that sponsor student interns are Yale, Williams, Wesleyan, and for women—Vassar and Mount Holyoke. All of these programs have the purpose of exposing college students to the opportunities and excitement of public service. But they are of equal value to those men and women who never go into government, but who, as teachers, engineers, or businessmen, have seen government from the inside.

Success of federal recruiting efforts on college campuses, in the final analysis, will depend on how receptive young men and women are to the idea of public service.

Perhaps one need do no more than remember former Secretary of State Dean Acheson's remark that "government will go on whether (we) take part in it or not." How well it goes on will depend greatly on the wisdom, energy, and quality of the public service.—
GENE M. LYONS & FRANK SMALLWOOD, Dartmouth College

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DO THEY
SAY
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in St. Louis, Mo., makers of fine quality Venetian
blinds and aluminum awnings, says:

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ACCOUNTING COSTS"**



REZNOR MANUFACTURING COMPANY
in Mercer, Pennsylvania, makers of the world's
largest selling gas unit heaters, says:

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ACCOUNTING COSTS"**



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in Columbus, Ohio, leading producer of food
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Of course, not every company using
our accounting machines says that.
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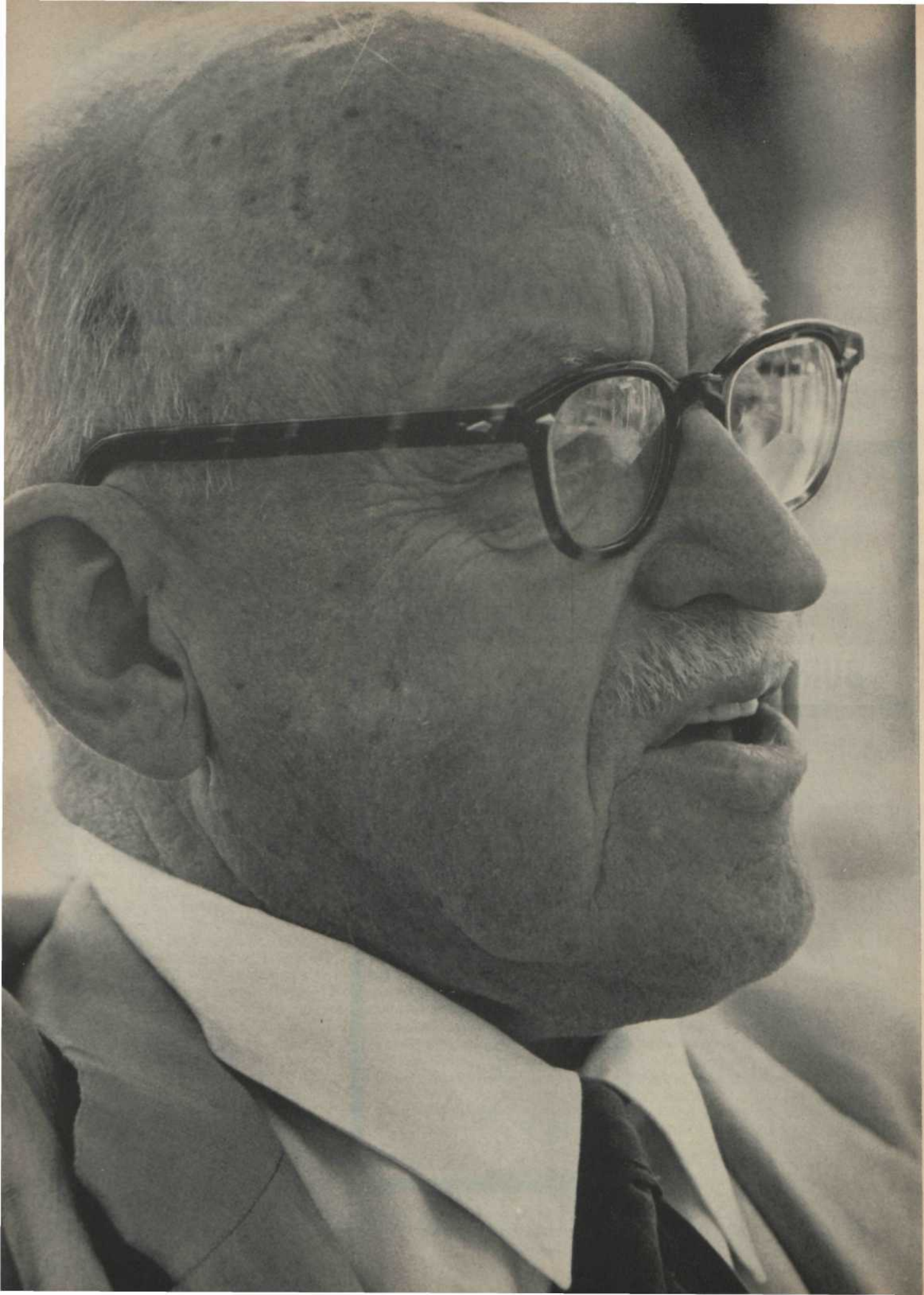


GRIFFITH MANAGEMENT COMPANY
in Akron, Ohio, parent firm of Impression Products
Co., Thermo-Fax Sales, Inc., and Mimeograph
Sales & Service Co., says:

**"BURROUGHS CUT OUR
ACCOUNTING COSTS"**

so many business problems end with







QUALITIES OF VICTORY • PART 9

Our heritage has given us the strengths to defy tyranny, conquer a continent, build a nation. In these qualities we find the power to win the cold war—or the hot. This is the ninth in a series of articles by nationally prominent men describing these qualities

RESPONSIBILITY

BY RALPH E. FLANDERS

IN PAST CENTURIES, Italy, Spain, France and England have played their roles in shaping our world. Each in turn made significant contributions. Now, whether we wish it or not, the course of future history depends on responsible leadership from the United States.

It was not by our own will that this responsibility fell upon us. Most of us would have preferred to play a more modest role and seek a purely domestic well-being. This was not to be. We entered decisively into two World Wars and tipped the scales to bring victory to western democratic institutions.

The self-sacrifice of our young men, backed by the productivity of our private enterprise

system, made our military success possible and brought on us the burden of world leadership. Will history record our stewardship as greatness or failure?

The answer hangs on how responsible we are as a people. And the first step in responsibility is clearly defining our ideals and purposes.

Certainly the basic ideal is the well-being in body, mind and spirit of all people who are affected by our actions or lack of action.

With respect to this ideal the world is divided into two great aggregates of economic, political and military power—communism and capitalism. The former treats people as means—as tools. Its ultimate ends are announced as being the well-being of people, but its day-to-day manifestations are the attainment and consolidation of political and military power with such slow improvement in well-being as clumsy productivity can dole out to its impatient subjects.

Opposed to this we have our profit system and private initiative actually producing the highest level of individual prosperity ever attained by any people. The extent to which this system ministers to men, women and children depends on the extent that private

Ralph E. Flanders is a former U. S. Senator from Vermont. He is also a veteran industrial executive, engineer, author and editor.

He has been president of the Federal Reserve Bank of Boston and president of the New England Council, an economic development organization.

Several years ago he delivered the Godkin Lectures at Harvard University on "The American Century." This article reevaluates America's role in the world in the light of current developments.

RESPONSIBILITY

continued

decisions are made in consideration of long-range interests rather than of immediate, short-range results.

The moral law, which operates in the world of persons as does physical law in the world of matter and energy, decrees the worth of long-range interest and adds to it the tremendous power of human sympathy.

It is just at this point that America's future hangs in the balance.

The immediate purpose of the communist governments of Russia and China is to achieve military and political power. We are in duty bound to counter this purpose with massive power of our own. We have no alternative. It is our good fortune that our high productivity permits a generous provision of both guns and butter. Our opponents must make a choice, proportioning each on a scarcity basis.

At the same time we must continually be open to negotiations which offer hope of reducing the guns component in the world's economy.

The potential threat to civilization is the motive power behind such negotiations. We are living dangerously—incredibly so. We must learn so to live; but we do not have to like it, nor should we cease bending every effort to escape it.

Peril from within

These are perils from without. As if they were not enough, we are beset with internal problems which may be fully as difficult of solution.

Of these but one needs to be examined in detail, since it impinges on, and to a large extent determines the others.

The continually pressing problem is inflation. It is true that it is progressing only moderately. Nothing in sight compares with the flight from the mark and from the franc which brought ruin to the middle classes of Germany and France and stopped the normal activities of production and distribution on which the wage earners depended for their livelihood. Yet even our presently creeping inflation is breeding a growing number of troubles.

How shall we attack inflation? All too glibly it is proposed to control it by monetary and fiscal means. It is true that credit control can set a ceiling on inflation, but it cannot control the wage, profit, cost, price spiral generated by labor-management negotiations. When

that spiral hits a credit ceiling, it is stopped by unemployment—not a palatable remedy for employers or employed.

How did inflation make such headway? The explanation lies as much in morals as in economics, but it illustrates the close connection between morals and long-range self-interest.

Over the years we have compounded the yearly percentage of increase in the efficiency of our production. This has yielded increased productivity. If a share of this new productivity had gone to the wage earner in higher wages, a share to business in higher profits, and a share to the consumer in lower prices, everyone would have benefited, the wage earner most of all. He, too, has a stake in higher profits, since it is from profits that greater efficiency will come, resulting again in higher wages and lower prices.

Instead of this beneficent process, labor negotiators have in effect demanded the whole of the benefits of increased efficiency; and management, after a show of resistance, has many times raised prices to the consumer.

Inflation does more than cancel wage increases. It destroys foreign markets, and it chokes the expansion of domestic sales as well, creating structural unemployment. Beyond this, it threatens our balance of trade and drains our gold reserve.

The times cry for labor-management statesmanship and individual responsibility of the two sides involved. If it does not arise, these relations will come under federal control. Whether that control is wise or unwise is not the question. The fact is that federal control will become inevitable. There can be no freedom without responsibility.

Troubles in the U. N.

Challenges increase on the worldwide political front as well as the economic. An honest effort has been made to hold the United Nations to its original purpose as a body of peace-loving nations banded together to preserve the peace. It has turned out that Soviet Russia loves peace only on its own terms. Those terms involve the surrender of the ideals and institutions of the West and our acquiescence in the conquest of people and territory by Russia since the charter was signed.

It has become clear that the continued existence of the United Nations, even as a restricted international forum, depends on Soviet suffering. Khrushchev can destroy

that usefulness at will, as he demonstrated in the 1960 Assembly.

In another aspect the organization is now far removed from the expectations of its founders. It has 104 members, each with one vote in the Assembly. More than one half of these are new nations of Africa and Asia without experience in self-government.

These new, small nations are intoxicated with freedom and unaware that freedom is lost when it is not joined to responsibility.

Most of them profess attachment to the democratic ideal, sometimes with modifying adjectives which destroy the meaning of that word. As we watch their struggles we become aware of the centuries of political experience which went into such democratic institutions as the West enjoys. We begin to wonder whether any nation can enjoy democracy without those centuries of development.

May we not conclude that there is need here for a thorough reevaluation of the theory and practice of economic assistance?

A great natural resource of many underdeveloped nations is manpower. Their immediate future lies in making the most and best use of it, so that the people may be better fed, clothed, housed and educated. The leaders of some of these nations seem convinced that this can be done by industrialization. But industrialization is built on labor-saving machinery. What will the wholesale introduction of labor-saving machinery do to a labor surplus nation? It will only sink its population deeper into misery.

The growing number of less advanced nations can have a home-grown prosperity based on their own material and human resources.

Granted population control, with better agricultural practices they can increase food and fiber production, possibly even doubling the present output. This would be by intensive agriculture. Not immediately with tractors and combines, but through a better application of human labors. The larger food supply would in turn be sold and distributed in exchange for better clothing, shelter and education.

Industrialization can properly be introduced in processing such natural products as metals or fibers.

How we can help

This should be the basis of our economic assistance: First we make a thorough survey of material and human resources. Then we offer a plan of assistance which may in-

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"OUR NATIONAL YELLOW PAGES ADVERTISING IS TAILORED TO REACH ALL OF THE TOWNS AND COUNTIES IN THE U. S. COVERED BY OUR TWO-HUNDRED-SIXTY BRANCH OFFICES," says George Head, National Cash Register's ad manager. "We design our consumer, business and trade magazine advertising to build prestige and point out the value of our product line, so that prospects will come to us first! Our National Yellow Pages advertising then turns prospects into customers—it *directs* them to our nearest branch office.

"We believe our national Yellow Pages ads reach two important groups of prospects...those looking for service for their business machines and businessmen interested in the products they've seen in our other advertising. We're thoroughly sold on National Yellow Pages advertising!"

Ask about the *flexible* National Yellow Pages Service. Call your National Yellow Pages representative at your Telephone Business Office.

Display ad (shown reduced) is one of the ads National Cash Register runs in over 1500 of the total 4000 directories across the nation!

ONE CONTACT / ONE CONTRACT / ONE MONTHLY BILL

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RESPONSIBILITY

continued

THIS FINANCIAL OFFICER IS CONTROLLING HIS FIRM'S CHECK DISBURSEMENTS RIGHT NOW!

CONTROL? . . . at a business meeting? Absolutely . . . when all checks—payroll, payables, dividend—are processed through the Burroughs Control Center Unit. Absolute control is an accomplished fact no matter where the financial officer is . . . at meetings, business trips, even on vacation!

Imagine! . . . this one machine protects amounts, signs, dates, lists, adds, counts, and stores with locked control all checks in a single operation.

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clude irrigation dams but is basically concerned with food, clothing and shelter provided by the self-help of the population.

A major contribution from us will be in establishing the education needed for the particular economy and for enlarging the outlook and the interest of the citizens.

Such programs will make heavier demands on devoted American personnel than on American billions. For this the interest of our young people in the Peace Corps is a hopeful portent. This assistance may well go to any nation which has a reasonably stable government of any form and is seriously interested in the welfare of its people.

We must not expect from such programs a flowing tide of gratitude. But we can expect a new confidence in our purposes, a growth in mutual comprehension and strengthened self-reliance based on individual responsibility.

Meanwhile there is much to be done at home. We have to learn to increase our already vast productivity by bringing into use the millions of Americans now stranded on the barren lands of worked-out mines, rough mountain slopes and the sand and pine barrens. Likewise we must find use for the millions of surplus farmers now subsidized by government price supports on unneeded acres. And why spend millions on irrigation projects to bring yet other acres into production? Let them wait for our population growth.

Finally these domestic problems require for their solution innovations in government finance.

We have not yet found out how to do all we are physically capable of doing. But if we attempt to pay for these things by taxation, we will limit our activities because taxation too quickly dries up the sources of the flow of wealth which is to be taxed. These problems can be solved under the terms of the free enterprise system which provides our unsurpassed flood of wealth.

The remainder of the Twentieth Century stretches ahead of us. It can be America's century of greatness. **END**

REPRINTS of "Qualities of Victory, Part 9: Responsibility" may be obtained for 15 cents a copy or \$9.00 per 100 postpaid from Nation's Business, 1615 H St. N.W., Washington 6, D.C. Please enclose remittance.

HOW TO KEEP AHEAD OF THE COMPETITION

Chances are one of your major operating problems these days is the profit squeeze. And, if you're typical of most management men, you're planning to do something about it by cutting costs, and increasing sales. That's why an increasing number of companies are taking a new look at the country's major marketing areas.


Census Bureau figures show that the 203 primary metropolitan areas account for the bulk of the nation's manufacturing activity. However, the concentration of business and industry within the confines of these metropolitan areas has created a boom in the counties immediately surrounding them, too. Limited space, high rentals and other factors have caused expanding businesses to break out beyond traditional city limits and overflow into the bordering counties...turning them into busy, bustling extensions of the metropolitan hubs.

As a result, the peripheral areas have themselves become a vast, significant supplementary market. In 15 of the top markets, the metropolitan areas account for \$46 billion in "value added by manufacture"; the peripheral markets around these 15 areas account for an added \$17 billion in value added, or 33% additional manufacturing volume.

Peripheral markets represent sizeable sales opportunities for firms selling to business. More and more firms seeking more customers and added sales volume are expanding their marketing patterns to reach out beyond traditional boundaries. Coverage of the metropolitan markets is of course essential, but the new opportunities in the peripheral markets are well worth cultivating.

To learn how Nation's Business unique balance of circulation can help you penetrate both . . . your major target markets, plus the booming peripheral markets that are growing even faster . . . write on your company letterhead for a copy of "Sales Opportunities in Peripheral Markets", a portfolio of marketing maps detailing statistics of 15 typical markets.

Nation's Business



ADVERTISING HEADQUARTERS

711 THIRD AVENUE, NEW YORK 17, NEW YORK

TRIPLE DIVIDENDS

continued from page 40

aim of the program is "to stimulate thinking—not to provide final answers."

He adds that Vickers has found it an important factor in unifying the company and the people in it. Participants gain a heightened understanding of how the performance of their division or department affects the corporation as a whole.

Mr. Strauss brings out other benefits:

"This has proven to be an opportunity to give all the managers attending a thorough education in our current operations in areas other than their own. It has also provided a chance for people who ordinarily have no daily contact to work and talk together.

"Our younger managers have developed more self-confidence by tackling complex problems with which they've had no previous experience and doing a research job in depth."

Since the speakers are laymen in the areas they are discussing, their presentations are much more basic and down to earth than you'd get from an expert on the subject. This affords a better understanding to the other participants.

Both Vickers and Northern Natural Gas are growing companies which find a need for increasing numbers of trained executives to manage their operations.

Vickers, a division of Sperry Rand Corporation with headquarters in Detroit, manufactures a wide variety of hydraulic equipment in 10 U. S. plants and four abroad.

Working with John J. Grela, a partner in the Philadelphia management consulting firm of Edward N. Hay & Associates, Vickers officials set up yearly management conferences. These Gaylord Conferences, named after the town in Michigan where they are held, have evolved into the present program.

With the help of Mr. Grela, a similar program was adopted this year by Northern Natural Gas of Omaha. The parent company and five subsidiaries operate in an area roughly bounded by the Canadian and Mexican borders, the Rocky Mountains and Mississippi River, producing and processing gas, piping it to other gas companies, utilities and directly to consumers, distributing propane and extracting helium.

Let's see how one of the Northern Natural Gas teams handled its

assignment and what the members learned.

The area of corporate finance was given to J. O. Grantham, 41-year-old vice president for employee relations; Herbert M. Sampson, 36, assistant vice president of the marketing division; and Gordon L. Severa, 32, director of planning and administration for Peoples Natural Gas Division.

"Corporate finance is a big area, and after a month's work we had refined our project down to three main topics: capital structure, dividend policy, and investor relations," says Mr. Sampson. "We started by reading books and, when we reached the point where we could ask intelligent questions, went on to interview financial consultants in Omaha and other cities.

"Northern's financial officers gave us information on the company's policies and operations, and we had our statisticians work up charts and analyses comparing Northern with other pipeline companies.

"We spent several hours interviewing John Merriam and Bill Strauss. We asked them both some rather pointed questions and got the answers.

"In working in our own areas, new information can be related to previous knowledge. Here we started from scratch. It took time just to understand the terminology. Like the others, we used laymen's terms in making our report so that everybody could understand it.

"We came out of this with a basic foundation in corporate finance that we intend to build on. We also gained a great deal of self-confidence.

"I'll go back to my job with a

much broader understanding of the corporation and its operations, as well as a closer personal relationship with officers in other divisions. I believe I can think creatively now in areas other than my own."

J. O. Grantham found himself wearing three hats at the conference. He had helped set it up, he took part as a member of one of the teams, and he is responsible for a function dissected by another team. Here is his analysis of the program:

"The company now has a group of key people who are broader executives. The men selected have been put on trial before their superiors and equals. Top management has had a chance to see some of its younger men in action in an exacting situation.

"The program has an atmosphere of tension, and this is a strong tonic for learning. As a participant, I disciplined myself more intensely than I have since I worked on my master's degree in college.

"As an officer in charge of an area being reviewed, I was able to see what other company executives consider my most important duties by listening to the team report and the discussion that followed. The team also made some excellent suggestions that I intend to try out."

Gordon Severa, the youngest manager at the conference, discovered an additional benefit:

"The outside contacts which I made in researching our subject were very valuable. Getting information from other pipeline companies and talking to executives in other industries at a management seminar on investor relations gave me a chance to compare our opera-



Vickers President J. Frank Forster (second from left) appraises Northern's conference for Board Chairman John F. Merriam (left), Mr. Strauss, and consultant John J. Grela

tions with those of other companies."

The conference also has a strong residual effect. Merrill A. Hayden, Vickers vice president and general manager of its machinery division, says:

"Those of us who have taken part find months later that specific facts we have picked up at the conference become useful. We may face a problem and recall that someone else in the corporation knows the answer."

As John H. Garwood, director of organization planning for Vickers, puts it:

"These meetings cut broadly across division lines and provide a unique means of improving company-wide visibility to managers."

Practical side

There is an extremely practical side to the conference. Both companies have found that the team reports are done in such depth that a number of their recommendations can be applied.

At a recent Vickers conference one team found room for improvement in the company's data processing system. Unnecessary problems were being fed into the computers, and reports were going to some people who really didn't need them. Now the operation is subject to more over-all planning, and the systems analysis department has been asked to see that the equipment is used most effectively.

Another team came up with suggestions which resulted in more effective use of sales manpower. In a third instance, a system for measuring the feasibility of going into proposed new products grew out of a team's research. The team which studied Northern's employee training emphasized strongly that line managers should take the initiative in requesting training programs for their employees. Mr. Grantham says that the team's suggestion that line managers submit an annual report on needed training will be put into effect.

After hearing Northern's younger executives present their reports, Asa B. Dilworth, a senior vice president, declared:

"I've never felt better about the future of the company." **END**

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And what the chamber accomplishes has great "carry back" benefits to you, your business, and your community.

Make your own little coming out party—come out now and see what you can do to help advance the important and useful program of your local chamber.



Pete Progress

*Speaking for the local Chamber of Commerce
in your community*

NEW BUDGET WOULD HELP FREE SPENDERS

Federal deficits would be hidden
under proposed accounting method

LABOR UNIONS, public power groups and other liberal organizations are pushing a new type of federal budgeting which would make it even harder to keep track of how the government is spending your money.

The device being pushed is the "capital budget." It would divide Uncle Sam's present budget into two—one showing current operating expenses, the other showing capital items such as investments in public works and certain loans. Items in the second category would be financed largely by special borrowing. The capital budget technique would remove anywhere

from \$3-\$4 billion to \$20-\$30 billion from the regular tax-financed budget, obliterating deficits in the process.

Backers of the capital budget believe that Congress would be more receptive to capital spending projects if they were financed by borrowing rather than by taxes—particularly if the new technique permitted tax cuts at the same time. Supporters include some economists and others who see the capital budget as a more realistic and meaningful statement of the government's fiscal affairs.

Opposition is forming among many other economists and business

leaders, who fear a rise in federal spending under a capital budget, and among some liberals, who think that the new approach might distort congressional decisions in favor of debt-financed capital projects and away from tax-financed education, health or other noncapital outlays.

However, many liberals have been urging the inclusion of spending for education, research, health and similar purposes in the capital budget. Assistant Budget Director Robert C. Turner says, "Government expenditures for public and higher education, for improving the health of our people, or for stepping up the productivity of our labor force through training and retraining, may be considered as capital investments of equal or greater value than expenditures for power dams and highways."

Opponents argue that the capital budget, financed largely by borrowing rather than by taxation, has a built-in inflationary bias.

The capital budget is not a new idea. In one form or another it has been around since the turn of the century. Beginning in the late 1920's a number of foreign governments adopted it, and Franklin Roosevelt's New Deal had a serious flirtation with it in the late 1930's. Many states and cities use it.

Administration views

The new element today—and one that gives hope to the capital



THE CASE FOR A CAPITAL BUDGET

The present budget "makes no distinction between capital and operating expenditures, nor between purely financial transactions, such as loans, and purchases of goods and services. [It] seriously handicaps government efforts to promote economic growth by the creation of productive assets."

ROBERT C. TURNER
Assistant Director
Bureau of the Budget

budget's proponents—is the Kennedy Administration's dissatisfaction with present budget procedures and its effort to find a way to make budget deficits less obvious.

President Kennedy, Budget Director David Bell, Chairman Walter Heller of the Council of Economic Advisers and other key officials have been trying to sell the American public on new budget concepts for some months.

They are, for one thing, trying to lead the public into a new way of thinking on just when the budget should be balanced.

Administration economists are pushing the idea that surpluses are permissible only in years of minimum unemployment; that surpluses achieved before full employment is reached, however prosperous things are, tend to "brake the recovery." Thus, their concept is that budget policy should provide for surpluses only in years of full employment and price stability, with deficits automatic at any other time.

At the same time, the Administration has been attempting to divert public attention from the regular or administrative federal budget. There's no sign the President has any early intention of doing away with this budget, which is the one submitted to Congress each January. But the administration line, as stated by Mr. Bell, is that this budget is "badly incomplete, misleading in timing and a

confusing conglomeration of different kinds of activities."

President Kennedy has discussed the drawbacks of the administrative budget in these terms: "It omits our special trust funds. It neglects changes in assets or inventories. It cannot distinguish between operating expenditures and long-term investments."

Mr. Turner argues that the budget's practice of lumping capital investment items with operating expenses—and the stigma attached to budget deficits—"seriously handicaps government efforts to promote economic growth by the creation of productive assets."

Such talk from White House quarters finds enthusiastic echoes. The liberal-leaning Democratic majority on the House-Senate Economic Committee has declared that "it would be quite useful if the budget measured the services being derived" from the government's capital outlays.

"Such a practice," it went on, "would be completely in accord with the usual accounting procedures. A railroad company would certainly not include the cost of purchasing engines and cars as current expenses."

A recent issue of the *AFL-CIO American Federationist* urged: "A capital budget approach which separates government management of assets from disbursement of funds for operating expenses will provide the executive with the means of

directing national resources, both human and natural, to meet the many unmet needs for public investment."

A brief for the capital budget, circulated by the Public Affairs Institute, drew acclaim and pledges of support from the National Farmers Union, the United Brotherhood of Carpenters, the American Public Power Association and other groups.

The 1960 Democratic platform called for a "budgeting for resources on a businesslike basis, distinguishing between operating expenses and capital investment." A staff study by the Joint Economic Committee early this year recommended that the budget clearly specify anticipated future returns from proposed capital expenditures.

Proposed legislation

The most popular capital budget bill now pending in Congress has been sponsored by Senator Wayne Morse and Representatives Al Ullman and Edith Green, all Oregon Democrats. It calls for a budget that separates operating expenditures and "productive capital investments, including mortgage loans, which have a useful economic life of more than 10 years and are revenue-producing or self-liquidating in nature." It also says any borrowing needed to finance such projects shall not be counted as part of the national debt. It

PHOTOS: FRED J. MARCON

THE CASE AGAINST A CAPITAL BUDGET

Capital budgeting techniques "would merely serve as a rationalization for further increases in government expenditures and increases in government borrowing. They would create the illusion of reducing the regular budget totals, while at the same time the government would no doubt be asked to spend more than before."

MAURICE H. STANS
Former Director
Bureau of the Budget



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FREE SPENDERS

continued

does not specify borrowing as the sole means of financing such items, but Mr. Ullman has said that the bill "implicitly recognizes that capital investments are appropriately financed through: some form of borrowing."

Practically all advocates of an all-out capital budget would include in it such items as home mortgages and other loans, commodity inventories of the government, such as farm and stockpile materials, and self-liquidating public works projects, including toll roads, irrigation projects and the like. Some would include public buildings. Many would include public works projects that won't be direct producers of revenue, such as harbor-deepening projects or atomic energy reactors.

All this makes it clear that the size of the proposed transfers from the regular budget to the capital budget varies greatly, depending on who is doing the proposing. One estimate, based on a tight definition of capital items, puts the net drop in the regular budget at between \$3 billion and \$4 billion a year. The current federal budget points out that, of the \$92.5 billion projected spending for the year that started this July 1, there is \$2.5 billion for federal construction of civil works, \$1.5 billion for additions to state, local and private physical assets, \$2 billion in certain loans and \$4.8 billion for "developmental" purposes, such as education, research, training and health. The recent study by the Public Affairs Institute estimated that probably a third of the present budget goes into loans or investment in physical assets—which appears to suggest that something more than \$30 billion could be switched to the expenditure side of a capital budget.

A major argument advanced against the capital budget idea is that it is merely a gimmick designed to remove the restraint on spending imposed by the need to finance by taxation. Opponents say that, under a capital budget, total spending would steadily rise and the government's over-all deficits would steadily deepen as more and more items are switched to the capital side of the ledger in order to avoid the tax-financing discipline.

"It's an old scheme to cover up extravagant government spending,"

Senate Republican Leader Everett Dirksen of Illinois charges.

President Eisenhower's Budget Director, Maurice H. Stans, declares that capital budget techniques "would merely serve as a rationalization for further increases in government expenditures and increases in government borrowing. They would create the illusion of reducing the regular budget totals, while at the same time the government would no doubt be asked to spend more than before. They would create the illusion of reducing the government debt by redefinition, while at the same time larger borrowing would likely be taking place."

Capital budget foes take strong exception to the analogy with business practices. They say it is infinitely more difficult to value governmental assets than it is to value business assets. Buyers are not available for many government assets, loans may be defaulted and the government's social policy would prevent action to collect them, many federal inventories and assets decline in value and have to be written off as total or partial losses. Some opponents concede that it might be helpful to separate capital and operating items in order to show the extent of the former, but they reject the loan-financing idea.

The use of loans to finance capital investments, opponents charge, would introduce an inflationary bias to federal fiscal policy. They reason that, under the present budget system, tax financing is supposedly used for all budget items and this draws on funds that otherwise probably would go into consumption rather than into savings. Borrowing funds for capital investments, on the other hand, would draw on private savings. By competing with private borrowing it would tend to raise interest rates and lower the amount of private investment. Further, by lowering taxes and leaving more funds available for consumption spending it would add to inflationary pressures.

Distortion of judgments

Liberals as well as conservatives worry over the possibility that the capital budget might distort public and congressional judgments as to the items on which federal funds should be spent. Congress might find it easier to adopt new capital spending programs, financed by borrowing, while ignoring other programs requiring tax financing.

Capital budget proposals, says Mr. Stans, "suggest that the ac-

cumulation of assets by the government is more important than the providing of services . . . The contrary may well be true."

The double budget system, its foes also contend, makes it harder to use the budget as a tool to influence the economy. The impact of the budget on the economy, it is argued, depends on the net surplus or deficit of all federal income and outgo, whether for current or capital needs, and at the very least the government would have to balance the two sides of the capital budget off against each other.

Moreover, it is asserted, the appropriate method of financing government spending—taxes or borrowing—should depend on general economic conditions rather than on the type of expenditure involved. A capital budget, some economists fear, might automatically favor higher spending as a solution to a recession rather than tax cuts, regardless of the economic merits of each approach in the given situation.

Finally, it is argued, the existence of a large number of government corporations, all with the authority to issue bonds, would make it much more difficult to coordinate federal debt management policy. This would be particularly true since the usual capital budget relates the maturity of the borrowing to the expected life of the asset, while a different maturity might be preferred from the viewpoint of general monetary policy.

As of today, the Administration appears far from committed to the capital budget approach although the idea is clearly favored by some key officials.

Should the decision be made to switch over, the move probably would be made in a number of small steps—possibly first working up figures on what a capital budget might be like if adopted (there are no official estimates now, although at least two White House offices are trying to collect some); then gradually including in the budget document more detailed analyses of capital investment than are now provided; then perhaps moving into a tightly defined capital budget.

Even if the Kennedy Administration should become convinced of the desirability of a capital budget, bringing about its acceptance would be an extremely tricky and time-consuming job involving extensive selling of both Congress and the public. **END**

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THESE ISSUES WILL

Candidates in coming congressional and senatorial elections will debate questions of major importance to businessmen. Differences in party positions are discussed here



Congressman Wilson, what will be the major issues in the fall elections?

As of now, I think they will be divided between an uneasiness about our foreign policy, and the fiscal problem—whether the cost of government is too high, whether the economic situation is improving or deteriorating.

Do you sense a rise of conservatism on the part of voters?

Yes. When people start worrying about their money, they then start getting more conservative about what the government is spending and what their taxes are going to be.

Do you feel there will be a business recession before the fall elections?

I think there is one now. Economists are talking about the Kennedy crash and relating it to the period in '46 when the stock market went down and took two and a half years to recover.

I think the New Frontier is in trouble because of it.

When something happens, those in power are blamed for it whether it is their fault or not. This is a cruel fact of life in politics and you see it in every election.

I think last fall's elections in many instances reflected uneasiness: the mayors' elections in Louisville, Youngstown and Canton; the special election in Parkersburg, W. Va., where, for the first time in 28 years, a Republican mayor and a Republican council were elected; in Roanoke, Va., where for the first time in history a Republican council and Republican mayor were elected; the primary election in South Carolina, where the new anti-New Frontiersmen won; the election in Texas.

Then you think economic issues will be decisive?

Yes. When the fear of a recession sets in people start worrying; they don't vote for the party in power. And I think in many instances Republicans who are in will have a tougher time because of it.

Will your candidates try to put the Democrats on the defensive?

We are the party of opposition by the nature of our setup.

This will put Republicans (*continued on page 72*)

PHOTOS: ROBERT PHILLIPS

DECIDE FALL ELECTIONS

by Rep. Bob Wilson, chairman, National Republican Congressional Campaign Committee, and Sen. Vance Hartke, chairman, Democratic Senatorial Campaign Committee

PHOTOS BY ROBERT PHILLIPS



What will be the key issues of the 1962 campaign, Senator Hartke?

I think the overriding issue is international affairs. At this time probably more than at any other since World War II there is a definite feeling the United States has regained its strength, that we have held the communists at bay, have demonstrated a capacity to stand up to Khrushchev and have recaptured the lead in space.

Domestically I think that the biggest single idea in the minds of the people is that the economy has regained its vitality, that the over-all business community has not seen better times, the recession has been ended and employment has been increased and unemployment decreased.

What effect do you think the stock market will have on the coming campaign?

It is difficult to anticipate. The stock market is only one economic indicator. I do not think that it is a matter which should seriously frighten people.

When President Kennedy came into office many people were predicting that the best we could do was gradually come out of the recession. On the contrary, the gross national product rose by about six per cent in that year, which even the most optimistic economists never anticipated. This meant more profits for business and a better way of life for everyone.

This year we are seeing a continuation of that growth in probably what is going to be at least the second best automobile year in history.

There is every indication we are now headed again into prosperity.

How long will it last?

I think there is no reason that we cannot continue to go on into a growing economy and accomplish the miracle of the ages in the field of economics by ending these periodic recessions. I think this may be demonstrated before the next presidential election.

If I were in the business community, I certainly would be looking forward to participating in what I think may be the greatest economic boom ever.

This may come partially as a result of the new force which is developing in the world, the Common Market.

Can business recessions be made obsolete by an ex-

SENATOR HARTKE

continued

pansion of government involvement?

No, I wouldn't say that. I think that the business recession can be made obsolete if we have the business community free enough from taxes that businessmen will be able to modernize their plants. At the same time we must have a business community which is interested in expanding, domestically and internationally.

There must be greater cooperation in all fields among government, management and labor.

This does not necessarily mean greater governmental participation. It just means a definite awareness that what we have been doing in the past is not consistent with maintaining a position of world leadership. It also means recognition that the consumer has a stake in negotiations between labor and management.

How can government become more active without suggesting what should be done about wages or prices?

I think there should be no prohibition on the government making suggestions or upon business mak-

ing suggestions or upon labor making suggestions. Suggestions are good and they should be analyzed. This is what I mean about greater cooperation among the groups, to eliminate the feeling that government is antagonistic to business or antagonistic to labor or that business is antagonistic to labor.

Will strained government-business relations be a problem in electing or reelecting Democratic candidates?

I frankly find it very difficult to assess this impression of strained relations on an individual basis. I find many businessmen who feel this Administration has done a lot of things, and is continuing to do a lot of things, to make it possible for business to succeed and make a better profit and to continue to grow and expand.

A lot of businessmen are concerned that we don't move in a radical fashion which would upset the equilibrium established through the years. But I believe the majority of business people are not antagonistic.

Will the pace of economic growth be a campaign issue?

I think this is probably one of

the major issues. Over the past eight years, say, before the Kennedy Administration, we had a retarded growth rate. It was not sufficient to give us prosperity. Most of the side issues, such as unemployment, the balance of international payments and business profits, are all wrapped up into one over-all item: If we have prosperity these items will straighten themselves out.

What the President has said repeatedly is that his first job when he came into office was to bring us out of the recession. This has been basically done, although unemployment is still high and there are some weaknesses.

The next job is to awaken this giant economic machine we have to further growth and not to be content to lumber along like we did during the past eight years.

What do you think is holding the economy back?

In the first place taxes are somewhat of a limitation.

I think this is recognized in the tax legislation which the President submitted, in which he has asked for an increase in opportunity for investment through the tax credit.

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the Administration that business needs additional capital to modernize plant and equipment.

Second, and in conjunction with that, has been the revision of the depreciation schedules. This is a recognition again that we have equipment and machinery which is out of date. We have to modernize and automate to remain competitive.

The other thing that I think should be done to stimulate growth is to reduce taxes on the lower income group and the lower half of the middle income group. Tax payments of those people are greater than they should be if we are going to increase purchasing power.

In substance, what this means is that there is a lot more to be done in the private sector of the economy, and it cannot be done unless industry has the capital to invest and individuals have the purchasing power to buy.

In the public sector, too, a lot of things need to be done which cannot be done unless there is an increase in revenue. This can be accomplished only if we have a faster economic growth rate.

Would you advocate a tax cut now?

I have advocated a tax cut for a number of years. I introduced a bill in 1961 which would increase the exemptions from \$600 to \$1,000, which places the money in the hands of people who need it most.

If Congress doesn't enact more of the President's "must" legislation do you see this as a big issue?

I think the question to a lot of people is whether or not the country as a whole is content to continue at an economic growth rate which has been demonstrated by almost all sources to be inconsistent with world leadership. This means that these issues will have to be taken to the people, and of course those individuals who are intent upon enacting the type of program which will again really move this country forward as the President envisioned would have to be voted upon in their individual capacities as congressmen or senators.

The election in the fall will be the first test as to whether the President's program is the type of program the American people want.

Will this year's legislative record look good in the election campaign?

When we adjourn you will see a record of two years of accomplishment which will far exceed the

first two years under President Eisenhower. But on top of that, it will be one of the most productive for the American people in many a generation. I would say probably better, more effective than any other time since the 1930's.

BUSINESS AND POLITICS

Senator Hartke, how can a businessman be most effective in helping elect the candidate of his choice?

I feel the businessman should make contributions to the candidate and party of his choice.

He should enter into discussions of the issues of the day in his club, in his social activities, even if they disagree with the Administration viewpoint. After thorough discussion, emotions are cast aside and a decision is made based upon the facts.

If businessmen are convinced the present Administration is the type which is best for the country, and therefore best for their business, they should vote for it. If they come to the opposite conclusion, I, as an American, could find no fault with their decision.

What do you think about charges that the President has put too much pressure on Congress to get his program passed?

It is a remarkable thing to me. These same critics said in 1961 that the President was weak, he was not demonstrating leadership, he was too immature to know how to get the job done and to press his program. Now they feel that he is too strong, too mature. Maybe he has aged too rapidly to suit them. In my opinion a president who believes in a program and doesn't do everything within his power to make his ideas and ideals actionable would be failing in his primary responsibility.

This doesn't mean that you have to agree with it. Democrats in Congress have demonstrated that they are going to maintain Congress' prerogative as an independent part of the government. This is good. The President doesn't want this changed. He just wants to convince them of the merits of his side.

Would you say he is using a good deal of skill in applying pressure to the members of his party?

I don't think he is using persua-

sion in the derogatory sense. He is using those methods of persuasion on the basis of the ultimate need for the type of legislation he has proposed for the country as a whole.

Then why hasn't his program moved along faster this year?

If you recall the President's speeches, he has said that all of the things which should be done were not going to be accomplished in this year or this session of Congress, or in this Administration, that some of them may not be accomplished in our lifetime.

But that does not keep us from going ahead and recognizing that there are certain items that must be done in the field of economic and social legislation here at home. There is no reason to deny the existence of the problems just because we haven't come up with a satisfactory solution.

To what extent is the program running into opposition from the public?

There is a lot of vocal opposition to President Kennedy, but I think it has been exaggerated.

Will you pick up any Senate seats this fall?

Yes. There are some places where obviously we are favored to win, such as Connecticut, Maryland, and Kentucky.

We also feel that many seats which under normal circumstances would be considered secure for Republicans are in doubt.

For example, in the midwest Democratic strength has been growing. In Illinois and Indiana we feel we have a real chance of picking up Senate seats. The same is true of Wisconsin.

I am well aware that historically, outside of 1934, the party in power has lost seats in off-year elections. Many of my colleagues feel that I am much too optimistic, but I think we are going to reverse that historical trend.

Are you going to have any special educational campaigns or other innovations in the senatorial races?

The Senatorial Campaign Committee is a service organization to the senators, and they will conduct their own campaigns in the way in which they feel that they should do so. We will do what we can do to help them, in all types of service. As far as any special tricks or sensational extravaganzas, we don't plan that type of operation. We want to win on the issues. **END**

REP. WILSON

continued from page 68

in a position of being for more conservative government, looking less to the federal government for the solution to all problems, more individual initiative and state and local responsibility.

Would you say the President is using all the pressure he can on Congress to pass his proposals?

I don't think he put much pressure on for health care. I don't know of any pressure for federal aid to education. He did put the pressure on the farm bill and he did put the pressure on the Rules Committee fight.

The President recognizes it is better to run against something than it is to run for something. So he will run against a Congress that didn't act on his program.

I think he looked back in history and saw what happened to President Truman when the whole world was against him in 1948, when the polls said he was through, that his program was bogged down, that his Administration was in trouble, and yet Mr. Truman sold the public on the idea that he had a hostile, no-good, do-nothing Republican Congress.

If you look at the record of the Eightieth Congress you will see we passed the Marshall Plan, Taft-Hartley. More constructive legislation came out of that session of Congress than any other in many years. If they ever had a constructive program to run on, those who had been elected in that instance had it.

But we were in a sort of recession period. People were uneasy. All of the constructiveness of the Republican program went down the drain when President Truman said it was a do-nothing Congress. This is what I think Mr. Kennedy is planning.

But I don't think it is going to work because he is failing to recognize the one big difference between '48 and '62. He is going to have to say the party in power is causing the slow-down. The Democrats have control and we are going to hammer it every time we get a chance.

Is anything else slowing up the New Frontier program?

Pressure is being put on Congress from voters who feel that the legislative program is too liberal. There is a rise of fiscal conservatism. People say that a \$308 billion debt is too high; let's have a little

restraint. The trouble this program is in reflects this feeling of the constituency.

To what extent do you think national issues are replacing local issues in the determination of individual elections?

Well, even though we put great emphasis on national issues, it is pretty apparent that the individual congressional election is still a local contest.

National issues are important when they tie into the local issues. For example, how the trade bill is going to affect a given industry and a given district, how the farm bill is going to affect the agricultural economy in a given district, how the unemployment rate is affected by different policies, these things become the local issues as they relate to the national issues.

In other words, you take a broad general interest and focus it on a given election. That is what I think intelligent candidates at the local level are going to do.

BUSINESS AND POLITICS

Congressman Wilson, how can a businessman be most effective in helping elect the candidate of his choice?

I think he has to realize that he has a stake in these elections. The businessman had better realize that Congress makes some pretty important decisions that affect him right in the pocketbook, and if he doesn't show some interest by political activity one way or the other, and contribute to the party that stands for the type of philosophy that he has, he is going to suffer.

I think business people are going to show more political activity this year than any other time, say, within the past 50 years, and it should benefit the Republican Party.

Do you think we are growing weaker or stronger relative to the communists?

I would say that confidence in the firmness of our dealing with the communists is a basic problem. People don't have confidence that President Kennedy and those around him are sufficiently firm in their dealing with the communists.

Will Mr. Kennedy be pictured during the campaign as a man exerting more executive power that is necessary?

Of course. This is going to be

fundamental to this year's Republican campaign to win control of the Congress.

We will say, "Look, this man wants dictatorial power, he wants a rubber-stamp Congress. And don't give him a rubber-stamp Congress because you know what he will do with it. You have seen evidence of it."

In fact, that is what he wants. He wants the right to dictate what legislation he is going to have regardless of what Congress wants. This is the basis of our political argument this fall.

It isn't right for the country to turn all of its assets and resources over to one party and to a party that is run by an aggressive, dictatorial-minded executive.

Our country is great because we have a system that checks and balances. We need real checks and balances. It is a good idea for America to have the Republican Party able to look at the books of the New Frontier and see what is being done with the people's money and seeing that the interests of all of the people are represented—and not just the people who vote in one particular way.

I think this makes a pretty good political argument.

And this is going to be our general theme all through the campaign, "Give America a chance to look at the books of the New Frontier."

How many seats do you expect to gain?

We need 44 more to control the House.

In round numbers we will pick up about 50. This will be a major political coup, there is no question about it.

We have what are called marginal districts. In those categories there are 37 marginal Democrats who won by less than five per cent. They are all targets. Likewise we have around 50 Republicans who are marginal.

We feel the trend and the breaks are with us, that we can retain our marginal seats, and pick up some more. This works. In 1960 when the Democrats were winning control of the presidency, we picked up 21 seats. We had 61 marginal Republican seats at that time. We lost only three of them and those were flukes.

Do you have any plans for any new programs or projects for the campaign?

We have candidate schools. We

have a precinct education program, what we call the PEP program, which is basically a do-it-yourself course for precinct workers. Candidates can build their own political organizations using these materials that we are giving them. This is something new.

Our newsletter has been completely revised. It goes to all our candidates on a weekly basis, full of issues so that our candidates are well informed.

We have another program called "Issue of the Day," which goes out almost on a daily basis to all of our candidates to help give them background information.

We have had Paul Revere panels which operated successfully last fall and at Easter recess and we are going to do some more this fall. The panels are composed of young, articulate members of the party, congressmen, going out in various target areas, and appearing on television and at press conferences telling the Republican point of view. We have a statement of Republican principles which will be supported with films. It is now available in booklet form.

We are trying to indoctrinate our candidates with the difference between the Republican and Democratic Party. I have had meetings in 50 states with the leaders of the party, the state chairmen, national committeemen and committeewomen, on a regional basis. We urged these leaders to get better candidates and we think we have better candidates.

These are the reasons we are optimistic. We believe we have a positive campaign program in effect right now that will help swing us to victory.

END

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2. How much experience does it require?
3. How much investment does it require?
4. Is the product or service already successfully marketed or merely a future pipe-dream?
5. How much earning potential is there for me?
6. Does the product or service really fill a need?

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ANOTHER IN A SERIES OF SPECIAL REPORTS BY THE ECONOMIST INTELLIGENCE UNIT OF LONDON, WORLD'S LARGEST PRIVATE INTERNATIONAL ECONOMIC REPORTING ORGANIZATION

DEVELOPING NATIONS PROMISE COMPETITION AS WELL AS MARKETS

YOUR BUSINESS will feel the impact of industrial growth in the less developed nations of the world.

Just how much effect this growth will have—and how fast it will be felt—are difficult questions to answer. Nonetheless, the trade patterns of five key developing countries yield some clues to what the future will bring.

To find these clues, specialists of the Economist Intelligence Unit assessed the emerging relationships of Japan, Hong Kong, Mexico, Spain and India with the three industrial giants of the free world—the United States, Great Britain and West Germany. The economic potential of other countries also was weighed.

The study indicates that as the less developed countries establish new industries and diversify existing ones many businesses in the United States and other older industrial countries will find themselves facing fresh challenges.

Countries with a potentially large domestic market and access to necessary raw materials are likely to try to develop the whole range of manufactured goods now produced by the major industrial powers.

India and Brazil seem determined on this course; Japan has already followed it with a considerable degree of success. This may mean that some industrial exports from the United States and other major producing nations will be curbed as domestic production replaces imports. But such limitations should only occur in particular cases, and then only for a

limited time, for history demonstrates that the more complex an industrial economy becomes, the more voracious is its appetite for imports of manufactures.

On the other hand, exports of manufactures from such countries are certain to increase and to become increasingly complex. Again, so long as total world demand is rising, there is no reason why this process should cause any widespread dislocation to industry in the developed nations.

Countries without a large potential domestic market or rich natural resources, and wishing to export manufactured items, will probably emphasize specialized lines requiring a high labor content. This is the obvious course for Hong Kong, which is now moving to a stage where—in addition to cheap, simple goods—it is beginning to produce goods requiring a high degree of finishing.

The smaller nations of Africa and Asia are, however, still a good deal poorer than Hong Kong. Their industrial labor force is much less skillful; so the output of highly processed goods is as yet only a long-term aim. In the immediate future they are unlikely to be able to attempt more than the simpler types of manufacturing, using local raw materials where possible. Several may be expected to develop basic metal production. Others are likely to go in for such activities as food processing, canning, wood manufactures, and rubber goods. Most seem likely to set up and expand in the field of textiles.

In some cases this process may remove their need to import some manufactures, and in others it may lead to a narrow but deep penetration of industrial markets overseas. Any harm which the industrialization of the underdeveloped coun-



Small Hong Kong plant makes musical instruments for U. S.

tries may do in industrial nations, painful though it may be to individual companies, will be more than offset by the extra money that industrial growth will bring to the poorer lands. More significant in the long run is the additional demand that industrialization will generate for the goods produced by America and other advanced countries.

Here's a close-up of the trade pattern taking shape between Japan, India, Hong Kong, Mexico, Spain and the industrial Big Three:

In 1960—the latest year for which fully comparable figures are available—the Big Three's imports of manufactured goods from these five countries amounted to \$1.8 billion. Nearly 60 per cent came from Japan.

Three quarters of the total was taken by the U. S., and only seven per cent by West Germany.

The largest imports by the Three, amounting to \$1 billion, were in textiles, metals, and metal manufactures. Their imports of other manufactures reached a total of only \$565 million. But the five countries accounted for a much greater proportion of the Big Three's import total in this cate-

gory than they did in any of the others. In the case of the U. S. they accounted for 42 per cent of total imports, with Japan alone holding a 31 per cent share of the over-all amount.

This last category includes items such as clothing, and footwear, as well as many other light manufactures where, because of the high labor content, the poorer countries often enjoy a considerable cost advantage over their industrial competitors.

Japan, most industrialized of the less developed countries, outdistanced the others in the U. S. market in almost every category. In many cases, particularly in the heavy, technical sectors, the other four countries offer no competition whatever to the Japanese.

Japan's lead over the other countries in the U. S. market is least marked in textiles, and here India makes a strong showing. In the important subgroup of fabrics other than cotton, India's exports of jute fabrics boosted its sales to the U. S. above those of Japan. Again, while the U. S. buys a large amount of clothing from Japan (\$104 million worth in 1960), its purchases from Hong Kong also are sizable (\$63 million in 1960). The same holds true of the important group of miscellaneous light manufactures.

If Japan has raced far ahead of the other four countries in the American market, Mexico and Spain have, in general, lagged behind. In 1960 Mexico's exports of rope put it into the lead in sales of special textiles, and it also took first place in exports of lead; but rope sales have been stagnating and lead sales have been falling rapidly. The only category where Spain took first place in 1960 was leather, and here U. S. imports from Spain amounted to only \$1.5 million.

The deep penetration which Japan has made of the American market does not hold true of its relations with the United Kingdom. Preferential treatment and traditional trade ties have combined to favor imports from the two Commonwealth countries, India and Hong Kong. More important, Japan has been directly handicapped by the discriminatory restrictions Britain has placed against it.

Apart from its important position as a supplier of textiles to Britain, India's only other important contribution is leather, and here it is definitely losing ground. Hong Kong, on the other hand has become a substantial supplier of clothing, footwear, and other manufactures. In addition, several of Spain's manufactured goods have lately enjoyed considerable success on the British market. Such items include

chemicals, textiles, clothing, lead and aluminum. Mexico hardly figures at all as a supplier to the United Kingdom.

Although West Germany ranks about equal with Britain as an importer of manufactured goods, its imports from the five developing countries generally are much lower.



Broad range of manufactured goods is produced in Japan

This is partly due to the fact that Britain's imports of manufactures from the five (\$343 million in 1960, compared with West Germany's imports of \$133 million) are swollen as a result of its special ties with India and Hong Kong. With one or two exceptions, these two countries have fared less well in the German market than in the British.

Japan has done better in Germany than in Britain, though much less well than in the U. S., and less well than is justified by purely commercial considerations. It leads in the supply of textiles, but West Germany's imports of these from Japan amounted to only \$11 million in 1960. The only outstanding item where Japan clearly experiences no competition from the other four is scientific, optical and measuring instruments.

Mexico also has done better in West Germany than in Britain, mainly because of its sales of silver and platinum. Spain recorded its best results in iron and steel.

While manufactured goods which the U. S., Britain and West Germany import from the five less developed countries are relatively small in volume, in several instances they have been growing extremely fast.

Items which have shot up in recent years include organic chemicals, miscellaneous chemical materials, textile yarn and thread, cotton fabrics, made-up textiles, clothing, iron and steel, and electrical machinery, apparatus and appliances.

END

GLOBAL TRADE TRENDS

Common Market countries continue to set the pace among industrialized nations, but Europe has not escaped the wave of uncertainty that sent Wall Street prices plunging . . . Labor shortages threaten price stability in West Germany, Switzerland, the Netherlands . . . Political uncertainties darken economic prospects in East and Central Africa; but South Africa, with gold and exchange reserves more than twice as high as a year ago, is benefiting from the flight into gold shares . . . Ghana has cleared up ambiguities in its foreign investment legislation . . . Activity in Australia is

again mounting, but the government remains protective towards domestic industry . . . Watch for investment opportunities in Saudi Arabia; new laws are designed to foster national industries . . . India and Canada will be difficult markets for exporters in coming months, although Canadian prospects may brighten if Prime Minister Diefenbaker can hold the dollar . . . Brazil's cruzeiro continues to slip and no firm direction of the economy can be expected in the present political situation . . . Japan aims at less headlong expansion this year and expects to import less.

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SOLDIERS LEARN

continued from page 46

the Hungarian police to be slaughtered by their countrymen.

In November, Imre Nagy, who was a communist, but an *Hungarian* communist, speaking as Prime Minister, declares Hungary neutral as between Russia and the West. The Russians hesitate. The Hungarians celebrate.

But hesitation and celebration end soon.

An entire Russian army invades Hungary and crushes the revolt. Nagy visits the Russians, under a flag of truce, to discuss surrender terms. In 1958, his execution is announced.

As in many other countries, the Cuban peasants rarely owned the land they worked so hard to till. For the urban masses, life in city slums was also depressing. Filth and disease flourished.

Yet most of these poorer Cubans, the proletariat of Marx, suffered their lot almost as if they were unaware that there was another way to live.

When Fidel Castro is ready to come out of the Sierra Maestra, his support is based not on the poor, but on the middle class.

Ironically, it is the knowledgeable who form the advance guard of the revolution.

But when the Pied Piper seeks to broaden his support and sounds the call for bread and peace, the poor are there to listen.

Many believe. Few doubt. The revolution is a success.

Castro's brother, Raul, is already a self-proclaimed communist; his close associate, Che Guevara, had participated in the unsuccessful revolution in Guatemala. But in the enthusiasm of the revolution, few Cubans, even in the middle class, believe that Castro will ever turn communist.

At first he promises to have free elections. He acknowledges many of the traditional rights of citizens and the established institutions of government. But the elections never take place and the government quickly becomes an instrument of coercion. The take-over is a success.

Berlin, 1961. Our road has almost reached the present. Why have the Russians built this wall? Why are all Berliners denied the right guaranteed them under international agreements to pass freely from zone to zone within Berlin? The communist explanation is sim-

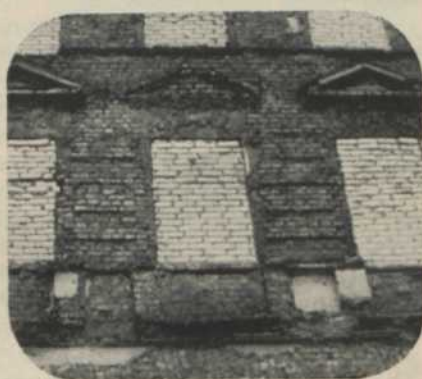
plicity itself. According to them, West Berlin was a base for intrigue and imperialist assaults on East Berlin and East Germany, where a man has a chance to enjoy the finer things in life.

No one can be sure of the real reason. But, prior to the erection of the wall, anyone who could get into East Germany could reach West Berlin if his feet held out. And many did.

Once in West Berlin, you are outside the iron curtain.

The free passage of people between East and West Berlin was the only physical gap in the iron curtain—so the Russians sealed it.

And the wall remains. It stands in Berlin today. It stands and will



stand wherever the road of world communism leads. Someday—according to its builders—it will surround not merely the world, but the moon, the stars, outer space, the universe.

Their objective is clear, and so is ours. They intend to put the world on their road.

We intend that the world shall be free—each man, and each country, to choose the road that suits him best.

To achieve our objective, we need, above all, to understand. Each new threat must be met. Force with force, as in Korea. Threatened military action with military aid, as in Greece and Turkey.

Exploitation of economic weakness with economic aid and cooperation of the sort that has helped keep Western Europe independent.

The choice is not "Red or dead." The choice lies between wisdom and ignorance, bravery and cowardice, freedom and slavery. **END**

REPRINTS of "Soldiers Learn How Communism Spreads" may be obtained for 15 cents a copy or \$9.00 per 100 postpaid from *Nation's Business*, 1615 H St., N. W., Washington 6, D. C. Please enclose remittance.

SPECIAL LETTER

NATION'S BUSINESS EDITORS REPORT ON: Manpower migration

Workers are on the move in many parts of the world.

Their migrations could have important long-range effects on this nation's economy and your business.

Rapid growth of industry in Western Europe, Latin America, other areas is spurring global search for jobs that is bringing down old barriers to the free interchange of people.

In the Common Market the barriers already have been lowered. Workers from Italy, often hard-pressed to find employment, stream into West Germany and Holland, where there are scarcities of manpower.

An estimated 200,000 are entering West Germany each year from Italy, Spain, other countries to take jobs. Some do seasonal work, return to their homelands; others stay.

U. S., Canada, France, and Australia are other major importers of workers.

* * *

Pressure for greater immigration into the United States is mounting.

It's part of the economic change being felt worldwide.

Since 1952 some 2.5 million immigrants have entered the U. S. Many came fleeing communist tyranny. Others came looking for better livelihoods. Whatever their reasons, they make a significant impact.

Census Bureau says influx accounts for 10 per cent of our annual net population increase.

* * *

Immigration into U. S. is controlled by law which specifies how many may enter each year from various countries.

Now Congress is beginning to wonder if law needs updating. Scores of bills in congressional hopper would change it. This month a House

subcommittee will begin study of impact of country-to-country migration on the economies of sending and receiving nations—with special emphasis on what this means to America.

Issue could become hotter in Congress next year, when hearings will be resumed.

* * *

In spotlight is Walter-McCarran Act of '52, often criticized by some as too restrictive, by others as too lenient.

Rep. Francis E. Walter, Pennsylvania Democrat, one of Act's authors, says time has come to analyze American's immigration problems in depth. He initiated new study, wants to determine if Congress should change the law.

Study will bring many experts to Capitol Hill—population specialists, economists, university professors, government authorities on labor force.

* * *

Some aims of the inquiry:

- ▶ To assess current, prospective population make-up of the U. S.
- ▶ To determine nation's ability to absorb greater numbers of immigrants.
- ▶ To pinpoint relationship between growth of our population, challenges posed by automation, unemployment and partial employment, and the continuing shift of people from rural to city areas.
- ▶ To examine economic health of countries importing and exporting workers.

(What effect does out-migration have, for example, in improving the economic health of a country with a labor surplus?)

* * *

To keep discussion of manpower migration and possible immigration law changes in focus, you'll find it useful to remember a few facts.

Unemployment in U. S. hit 5.5 per cent of labor force in June, no real improvement shown since early this year. It has fallen below five per cent only once since October 1957.

Question: Would more liberal immigration policy aggravate unemployment?

U. S. already has problem of encouraging workers to go where jobs are, to retrain for new jobs in instances where technology or market forces have cut back demand for some types of employment.



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Are you working too hard?

Job addiction can be avoided if its symptoms are spotted early. Here are signs to look for

A YOUNG BRANCH MANAGER of a national firm not long ago confided to a friend that he faced the most important decision of his life. He was being considered for a vice president's desk in the home office. This meant he would be a strong contender for the presidency in 10 or 15 years.

"What's the problem?" asked the friend. "Congratulations."

"It's just this," said the branch manager, "I don't know how hard I want to work."

Few men facing this decision would have been so candid.

In most business circles even to ask the question would be considered an admission of weakness or lack of character. Many men would act without even being aware that they had made a choice. Yet, in this unconscious way, a great many mistakes are made.

There is no easy road to a well-rounded life. Every man must decide for himself how much of each of life's ingredients suits his taste.

How much you should work has far-reaching effects

on all areas of your life. One need not doubt the merits of ambition and industry to ask:

- Is it possible to work too hard?
- How does one know if he is suffering from work addiction?
- How can it be avoided?

Usually when a man confesses he works too hard, he is secretly boasting, but often it is the truth. All of us recognize the value of work. There is no doubt that it is a magic key. Success at whatever you undertake is earned by industry and sacrifice.

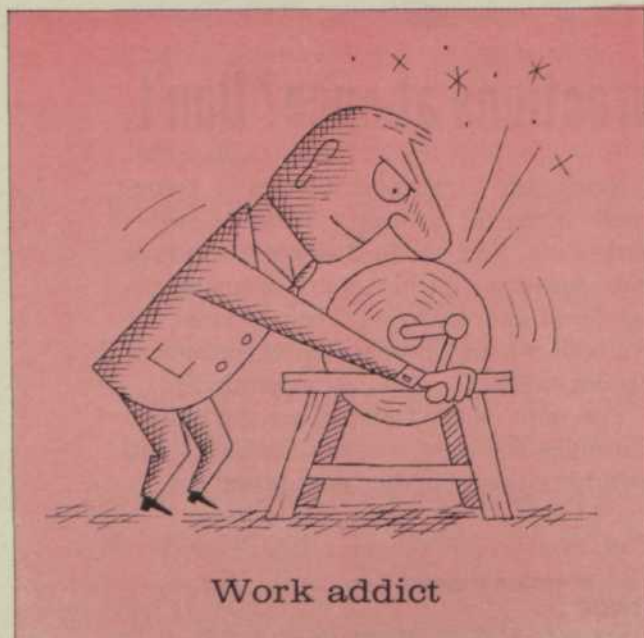
Not all hard workers succeed, but all men who succeed are hard workers. However, in some cases their willingness to work reaches proportions that can only be called abnormal. They become work addicts. Although they may be financially successful, they lead basically unhappy lives.

Can you work too hard?

Many men suffer from self-imposed overwork. We are not talking now about people who are weak physically or limited in capacity. We are concerned with the men who never slow down.

An actual case will illustrate a common problem: A well-to-do banker reached retirement age and looked forward with considerable pleasure to the time he could spend each day in pure enjoyment. Mostly he wanted to garden and fish, long his favorite pastimes. For the first month or two things went well, and then trouble began. He was not bored and he didn't feel useless, but to his amazement he discovered that he and his wife did not get along. They quarreled far too much and seemed to have little in common. Things became progressively worse and finally their marriage ended in divorce.

It was only after he retired that the banker really lived with his wife. Their earlier years had been filled with banking or children. They lived in the same house but never really got to know one another. No mutual interests developed other than the children; and now the children were gone. For 40 years the marriage had been shelved, and its assets had dwindled. The banker never would have dreamed of neg-



lecting his investment portfolio that long, but he thought a marriage took care of itself. While he became a success in his field, he was a failure in the over-all task of life. Ironically, he had felt he was working for his family.

When something becomes an end in itself and assumes incontestable precedence over other considerations, it has become a liability.

In his business, the executive knows this. The twin monsters Too Little and Too Much stalk every decision on allocation of funds. Excesses in one department rob another. There are only 100 cents in every dollar.

An enterprise thrives on work as a fire thrives on coal. But in the business of life, time spent at work must be taken from another account and the danger of imbalance is ever present.

Work is only one of the departments of a well-balanced life. Other sources of satisfaction are family, community, recreation, religion and health.

Are you a work addict?

In failing to make a conscious decision about how to spend their time, some people fall into the trap of assuming any time not spent working is wasted. They are comfortable only on the job. Sundays make them nervous. Vacations seem too long. The children are too noisy. They spend more and more time at the office.

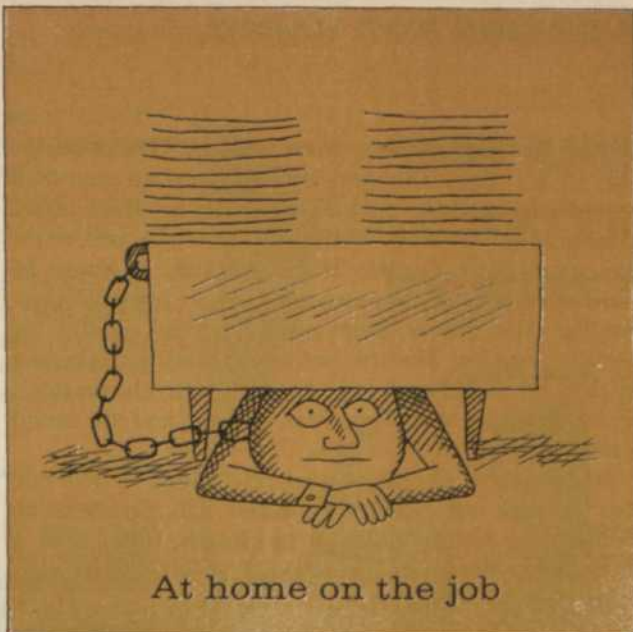
One doctor recently took his first full two weeks' vacation in ten years. No one needed it more. An extremely devoted physician, he not only worked the usual long hours of his colleagues but also gave up most of his lunch periods. A candy bar between patients tided him over from breakfast to dinner. But after ten years of this routine, he was exhausted. He knew, as some men don't, that his body could not bear the strain indefinitely. So he forced himself, with the help of his wife and friends, to take a vacation.

By the time they left for the lake, he was as enthusiastic as the kids. But his pleasure was short. The vacation was a total failure. After one week of pacing the floor, he went back to work and picked up the old routine. He could not tolerate the vacuum of relaxation. It made him feel useless. It was clear that hard work actually protected him from deep-rooted feelings of worthlessness.

The problem is not unlike the addiction to alcohol. The exact point where social drinking gives way to problem drinking and where problem drinking changes to alcoholism is difficult to define. Yet it is there, and it is important.

If you can't relax on Sundays; if you don't enjoy vacations; if you hate to leave the office to go home, you may be on the road. If you feel under constant pressure, yet do as much as anyone else, then you're stepping over the line. Don't expect to recognize it easily. Ask such a person and he will say that things simply have to be done; if he doesn't do them, no one else will. He says he would prefer to loaf, but he always finds something to do in a lull. The fact is, he has to keep busy.

Of all the excuses marshaled in defense of this kind of behavior (and defended it must be because of



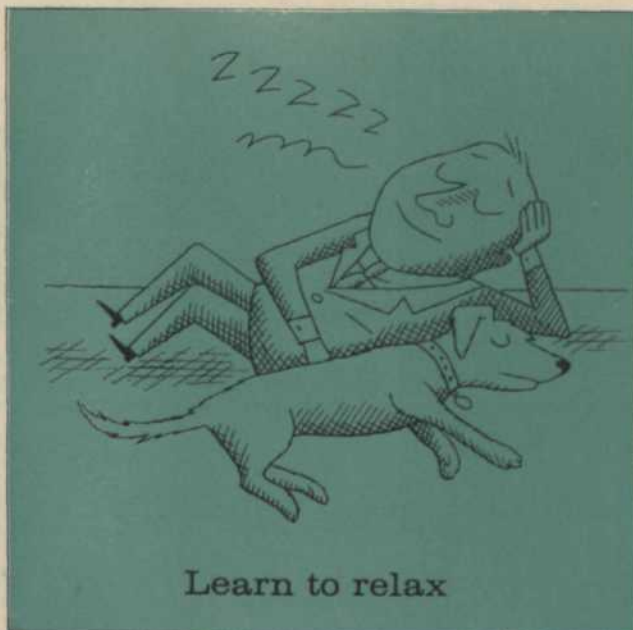
At home on the job

broken appointments, cold dinners and forgotten social obligations), the need to meet competition is the hardest to counter. Often, however, this serves only as a disguise for a hidden work compulsion. Because competition is important, it is easy to use it as an excuse.

Can overwork be avoided?

Some men cannot change, but the man who is successful in the job of life learns how to compete when competition is appropriate and how to relax when the pressure is off. It has been said that President Lincoln could relax even while listening to someone present his case. It was so noticeable one person thought Mr. Lincoln had gone to sleep.

A few years back a college boy became enmeshed in a problem similar to that confronting the busy executive. A perfectionist, he was not satisfied with



Learn to relax

second-best performance from himself. The longer he stayed in college, the more he developed an unbroken record of excellent work. This had the effect of increasing the pressure. Within two years he was working seven days a week. If he had time to spare he went over his papers a second time to improve their quality. His grades kept going up, and so did his nervous tension. Had he not recognized the dilemma in time he would soon have been on a psychoanalyst's couch. But he saw what was coming and he found a solution.

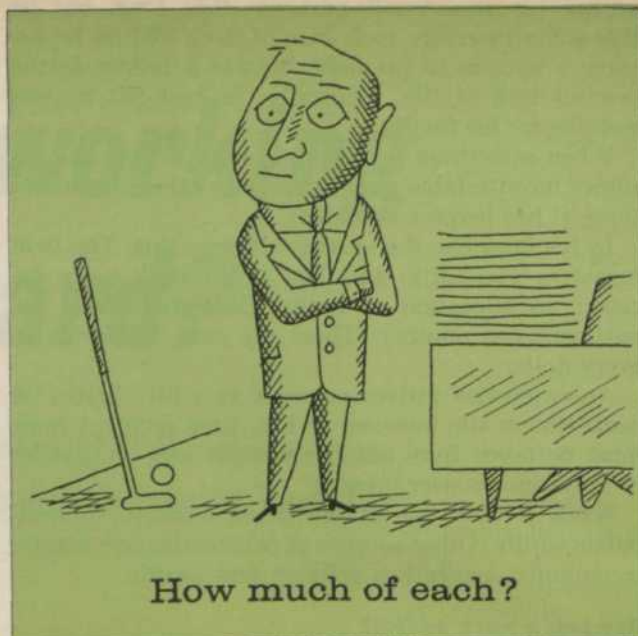
Beginning in his junior year he decided to take one day a week off from his studies. On Sundays he would play tennis, golf, go to church, date, read a novel, write letters or just sleep if he felt like it—anything but do school work.

It was a big order, but he followed through. For the first several weeks, he found himself sitting around thinking about school and wishing he could go ahead with future assignments.

The habit was stubborn, but within three months a new one was beginning to form. Within a year, Sundays became an oasis in a desert of printed words. He developed a hobby of painting and his general outlook improved tremendously. Furthermore, he found that he got just about as much done in six days as he formerly did in seven—enough, anyway, that upon graduation he was elected to Phi Beta Kappa.

Unfortunately, some men must come close to serious trouble before they are able to make such a change. The public relations executive of an international oil firm, for example, found himself revolving with ever-increasing speed in a circle of diminishing diameter. The pressure became greater and greater.

Something had to give. Eventually he developed an almost fatal ulcer. After emergency treatment, his



physician finally gave him specific orders to relax. "How can you force yourself to relax?" he asked. "I'm tense even when I read the newspaper."

"You've got to work hard at it," replied the doctor, apparently not seeing the contradiction in his words.

It was not until he had a series of talks with his minister that the executive came to realize that excessive work was his way of keeping up with the Joneses.

When he became fully aware of what he was doing, he could see that part of his effort was unnecessary. He was a valuable worker and did a good job. He could allow himself to relax occasionally. So he began to concentrate on fishing, sometimes traveling to distant lakes and streams. He was surprised at the enjoyment he had been missing and his improvement was rapid. He is still head of his department and the chances are he will continue to be for a long time.

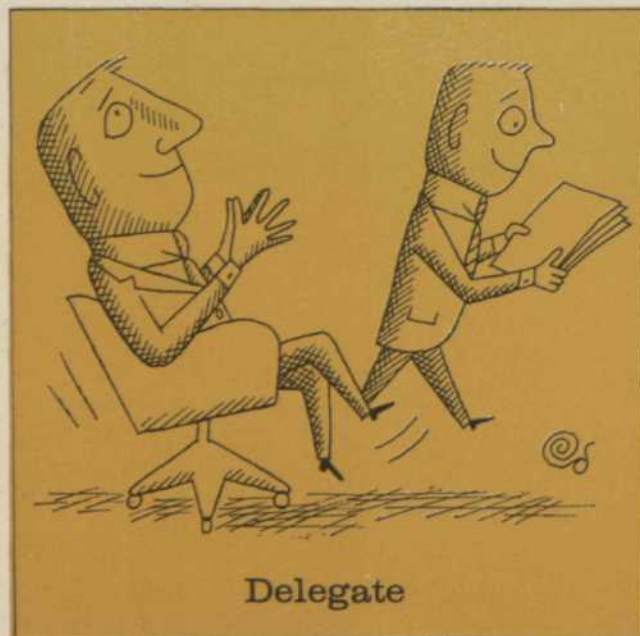
The principle of relaxation is important, and it walks hand-in-hand with the principle of delegated responsibility.

More work can be accomplished with the same effort if the businessman will confine himself to the job of managing his subordinates rather than doing their work for them.

A former executive vice president of one of the country's largest variety chains put the matter succinctly when he advised a new man, "Never do anything you can get someone else to do for you." Not only does this develop the latent potential in each subordinate, but it also helps free the executive from details.

You cannot create more hours in the day; your only choice is how you will spend them. The decision should be made with care and deliberation, not left to the hazards of chance.

—DR. H. E. WHEELER, *psychologist*



REPRINTS of "Are You Working Too Hard?" may be obtained for 15 cents a copy or \$9.00 per 100 postpaid from Nation's Business, 1615 H St., N. W., Washington 6, D. C. Please enclose remittance.

CONFIDENCE

continued from page 35

Do you think companies are being driven to invest in overseas manufacturing because of high wages in this country?

Yes, I think so. It largely depends on the industry and particularly the product line. If you are in a proprietary position you would have no problem because, even with increased labor costs, you are able to increase your prices. But when you are in a highly competitive industry, particularly with foreign manufacturers, your costs go up but you can't raise your prices and remain competitive. So there is a real squeeze on profits. Many such industries are being forced overseas, taking jobs out of the United States into foreign countries.

A number of manufacturers have gone overseas and are importing substantial amounts of equipment back to the United States for distribution. They are taking advantage of labor rates which are about 25 to 30 per cent of what they are in this country. And productivity abroad is just as good, if not better, in certain areas.

How is your own business doing?

Our sales are running ahead of last year by about 10 per cent. We had earnings per share of 16 cents in 1961. In our fiscal year which has just ended we had a substantial increase. We are projecting a further rise for the year ahead.

Do you think business in general will follow the pattern of your company?

I don't believe that business in general is following that pattern. Our pattern has been established by the changes we have made in our operations. Now we are looking for products or developing products that will have higher profit margins and getting away from the conventional high labor content products of our industry.

Do you think the stock market is forecasting a business slump?

According to some studies, the stock market tends to lead general business turns by six to nine months. But I don't think what's happening now is really indicative of what is going to happen in six to nine months.

You think that, rather than forecasting the future, it is reflecting things that happened in the past?

That is part of it, yes. I think we're seeing an adjustment.

Is there a chance the stock market situation might have a serious impact on consumer buying?

It could, particularly where smaller investors start taking a beating.

The stock market is perhaps reflecting the future less than it has at other times. But these gyrations are serious because they could lead to a serious lack of confidence in the economy.

Do you think a business recession is developing?

I think we can talk too much about a recession. We can convince ourselves that something is going wrong with the economy. If the fear becomes widespread then people begin to retrench. If it reaches a point where they stop spending, then you are bound to get a downward curve in business.

Actually I think we can probably talk ourselves out of a recession as quickly as we can talk ourselves into one.

You talk with many corporate executives. How would you sum up their attitudes about business?

The feeling of most businessmen today is one of optimism. We are and will continue to move ahead, to grow and expand, to do everything that will lead to further progress. We are assuming the same progressive and aggressive role that enabled business and industry to make this country the great world leader it is today. We face the future with optimistic expectations.

The executives I talk with are all optimistic.

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WELFARE SYSTEM

continued from page 39

railroad welfare program. The generous unemployment compensation program for railroad workers—for which the railroads, but not their employees, pay taxes—is plunging deeper and deeper into the red.

This is so even though the railroads are paying a higher payroll tax rate to finance jobless pay than are most other employers. Three years ago Congress sharply liberalized jobless pay for railroad workers, setting the rate at \$51 a week for all workers earning \$80.50 or more weekly and specifying that the benefits must be paid for 52 weeks to every worker with 15 years or more service.

Borrowing from Peter to pay Paul, Congress authorized the unemployment compensation fund to borrow from the railroad retirement fund when necessary to keep checks going to jobless claimants. As of May 31, 1962, the unemployment compensation fund was in hock by \$276 million to the already unsound railroad retirement fund.

When it raised jobless pay in 1959, Congress brushed aside pleas

from railroads that it partly offset the higher costs by eliminating some existing inequities. The railroads urged in vain that unemployment compensation be denied to employees who are discharged or suspended, who voluntarily quit their jobs, or who go on strike against their employer.

Congress refused the railroads' request. Some members stated that Congress had no moral right to abrogate long-standing benefits and that money in the unemployment compensation fund really belonged to the railroad workers, even though their employers had paid it.

Thomas M. Healy, management's representative on the Railroad Retirement Board, says that Congress' decision enabled 34,000 persons to draw about \$20,000,000 in unjustified benefits in the year ended June 30, 1961.

In a speech to railroad accountants, Mr. Healy noted that net railway operating income had declined from \$1.1 billion in 1956 to \$538,000,000 in 1961. A contributing cause, he said, was that Congress expanded benefits in 1956 and 1959, ignoring the appraisal provided by railroad management of the problems facing the industry.

"In a nutshell," he said, "the

sad story is that the caution signals were run over by liberalizing amendments."

The railroad industry is the only one for which Congress dictates the level of unemployment compensation benefits and taxes. All other programs are state-operated; and generally their tax and benefit schedules are considerably lower than that of the railroad industry.

A top objective of AFL-CIO is to establish federal standards for unemployment compensation which the states must meet.

In accordance with a 1960 presidential campaign pledge, President Kennedy has submitted a bill for federal unemployment compensation standards, but no action is expected this year. Such legislation has been bottled up for several years in the House Ways and Means Committee. This is the same Committee which has jurisdiction over the King-Anderson health care bill.

One reason every Congress likes to liberalize social security and railroad retirement programs is that they hold out the promise of something for nothing for many elderly voters and something for very little for most employees who are nearing retirement age.

The full taxes necessary to pay for the existing level of benefits have not yet been applied to any worker.

What you pay

Here are the maximum amounts of retirement taxes which employees must pay under existing law if they earn as much as \$4,800 in jobs covered by social security or \$400 monthly in the case of railroad workers (employers must match these amounts):

Year of payment	Social Security	Railroad Retirement
1946	\$ 30.00	\$126.00
1958	94.50	262.50
This year	150.00	348.00
1963	174.00	348.00
1965	174.00	390.00
1966	198.00	414.00
1968	222.00	438.00

Two dangers always have been inherent in both retirement systems:

1. That the point might be reached where the taxes required to be paid by new employees entering the work force would, on the average, exceed the cost of benefits to which the system entitles them.
2. That, despite a high level of taxation, the system might develop a serious actuarial deficit.

The first peril point is fast ap-



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proaching for the railroad retirement system, the second already afflicts it. According to the Railroad Retirement Board's latest report to the White House, the average cost of benefits for a new worker entering the system is estimated at 8.94 per cent of his taxable pay. But the tax is scheduled to rise, under existing law, to 9.125 per cent on Jan. 1, 1968.

A similar situation will develop even earlier than 1968 for young self-employed workers coming into the social security system. The self-employed pay a tax rate about 50 per cent higher than employees. Their rate by 1968 is scheduled to climb to 6.9 per cent, compared with 4.625 per cent for employees. There has been no official announcement of the present average cost of benefits for a new entrant into the social security system, but it apparently is not much above five per cent of taxable payroll.

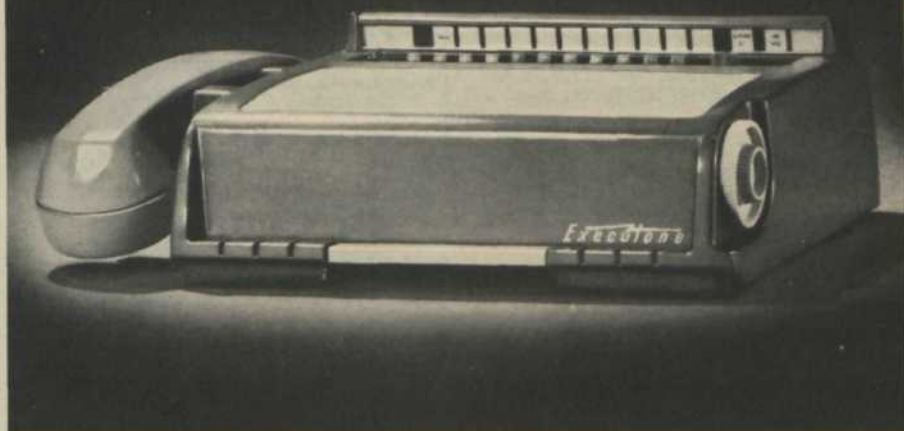
To illustrate what this means, let us take the case of a 25-year-old worker who gets a railroad job on Jan. 1, 1968, after the last of the tax boosts now scheduled has taken effect. For simplicity's sake, we will make some assumptions which are not very likely to hold true: that present taxes and benefits have not been altered by new legislation; that the worker's starting salary is \$400 per month and never varies from that for 40 years. According to the present calculations of the Railroad Retirement Board, he and all the railroad workers hired after him will be paying more into the railroad retirement fund than their benefits, on an average, will cost the fund.

All of the fund's other income—the taxes being paid by his employer, the interest on the fund's money—will be needed to pay benefits for workers scheduled to precede him on the benefit rolls.

In papers submitted to the 1959 meeting of the Society of Actuaries the question was debated as to whether this would produce a protest from the worker.

Robert J. Myers, chief actuary of the Social Security Administration, pointed out that many employees do not know how much they are paying in social security taxes because they are deducted from their pay. He did not think there would be many cases where workers, under conditions of a high tax rate, would "go to the trouble of making actuarial calculation to determine whether they are getting their money's worth, taking into account, at least

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WELFARE SYSTEM

continued

alternatively, the employer contributions."

Mr. Myers conceded that the reaction might be different from self-employed persons covered by the social security program, who must pay a higher tax, in one lump sum, out of their own pockets.

A. M. Niessen, actuary for the Railroad Retirement Board, thought that even if a worker's payroll tax equaled the cost to the fund of his benefit, the system still would provide the worker with a lower-cost annuity than he could buy privately.

Furthermore, he said, even if the cost to the worker were the same, "it might well be argued" that employees would be "better off under compulsory coverage." His argument was that workers might not buy coverage if it were voluntary.

Returning to the case of the 25-year-old worker, and our set of circumstances, 40 years have passed. He now is 65. He retires from his railroad job, and with his wife draws a retirement pay of \$404.30 a month. This is tax-free. His take-home pay as a worker was considerably less. After deductions of \$36.50 for railroad retirement taxes and \$52 for Federal income taxes (taking the standard 10 per cent deduction) he netted only \$311.50. After retirement, he is better off by \$92.80, not even counting the savings on union dues and carfare and lunches away from home.

To keep the railroad retirement program afloat, Congress is practically certain to boost the tax rate or the \$400 tax base, or both. To hold the tax bite to a minimum, the lawmakers undoubtedly will try to find some way to channel Treasury money into the railroad retirement fund. They could force the Treasury to pay higher interest on the government bonds in which retirement funds are invested, as suggested by the Board; or, the lawmakers may consider allowing employees to take income tax deductions on retirement taxes, a proposal which the railroad unions tried unsuccessfully to get Congress to couple with the most recent increase voted in their retirement taxes.

In the meantime, the lawmakers are hoping the unpleasant problem will go away, and the Board's report has been greeted with a lengthy silence from the White House.

—VINCENT J. BURKE

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Our custom requires tennis players to jump the net and losing coaches to cross the field to shake hands with their triumphant opponents. We expect the referee to know the rules and enforce them without bias.

We extend these expectations of good conduct to our social, economic and political life. We avoid the poor loser at the bridge table. We pass laws to insure that business competition shall be fair but tough. We expect defeated political candidates to wire congratulations to the winner and acknowledge an adverse vote as an expression of public wisdom.

Such examples are especially important now when we are urging a revived spirit of competition and physical fitness for our youth.

In economics and politics these examples have not always been forthcoming. We have seen public tantrums and unsportsmanlike conduct in unexpected places.

There have been efforts to change the rules in the middle of the game and bad-tempered enforcement of rules that nobody knew existed. In some cases the referee has picked up the ball and run with it. We have heard losers in a fair competition lament that "the country has suffered a staggering setback" when all that seemed to have happened was rejection of a doubtful idea.

It is not too surprising that the game isn't going well or that players and spectators and officials are confused.

This confusion could be most quickly ended by adopting one more innovation: Officials could blow the whistle on themselves.

Nation's Business • August 1962

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